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SESSION 1926-27
HOUSE OF COMMONS

Select Standing
SPECIAL COMMITTEE

RAILWAYS, CANALS AND TELEGRAPH LINES

Bill No. 78—An Act Respecting the Montreal, Ottawa and
Georgian Bay Canal Company.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1—TUESDAY, APRIL 5, 1927

WITNESSES:

Mr. Harry Sifton
Mr. Wynne Sifton

MEMBERS OF THE COMMITTEE

FRANK S. CAHILL, Esq., *Chairman*,

A. MACGILLIVRAY YOUNG, Esq., (Saskatoon), *Acting Chairman*.

Messieurs

Anderson (<i>Halton</i>),	Gershaw,	Mercier
Anderson	Girouard,	(<i>Laurier-Outremont</i>),
(<i>Toronto-High Park</i>),	Glen,	Mercier (<i>St. Henri</i>),
Arthurs,	Goodison,	Millar,
Auger,	Gott,	Milne,
Bell (<i>St. Antoine</i>),	Goulet,	Morin (<i>Bagot</i>),
Bell (<i>St. John-Albert</i>),	Guerin,	Neill,
Bennett,	Hanson,	Parent,
Bettez,	Harris,	Perley (<i>Sir George</i>),
Blatchford,	Heaps,	Pettit,
Bothwell,	Hepburn,	Pouliot,
Bourgeois,	Hocken,	Price,
Bowen,	Howard,	Rennie,
Boys,	Howden,	Robitaille,
Bradette,	Jelliff,	Ross (<i>Moose Jaw</i>),
Brown,	Jones,	Rowe,
Cahan,	Kay,	Ryerson,
Cahill,	Kellner,	St. Père,
Campbell,	Kennedy,	Sanderson,
Cantley,	Lacombe,	Séguin,
Casgrain,	Lacroix,	Simpson,
Casselmann,	Laflamme,	Smith (<i>Cumberland</i>),
Charters,	Lancôt,	Smith (<i>Stormont</i>),
Church,	Lapierre,	Speakman,
Cotnam,	Lavigueur,	Spence (<i>Maple Creek</i>),
Cowan,	Letellier,	Spencer,
Delisle,	Lovie,	Stevens,
Denis (<i>Joliette</i>),	Lucas,	Stewart (<i>Leeds</i>),
Denis (<i>St. Denis</i>),	Luchkovich,	Stirling,
Dionne,	MacDonald	Sylvestre,
Donnelly,	(<i>Cape Breton South</i>),	Taylor,
Dubuc,	Macdonald (<i>Kings</i>),	Thorson,
Duff,	MacLaren,	Tobin,
Dunning,	MacLean (<i>Prince</i>),	Totzke,
Dussault,	McIntosh,	Tummon,
Embury,	McKenzie,	Vallance,
Edwards (<i>Waterloo</i>),	McLean (<i>Melfort</i>),	Verville,
Esling,	McPhee,	Ward,
Evans,	McQuarrie,	White (<i>Mount Royal</i>),
Fafard,	Maloney,	Wilson (<i>Wentworth</i>),
Fansher (<i>Lambton East</i>),	Manion,	Young (<i>Saskatoon</i>),
Fansher (<i>Last Mountain</i>),	Marcil,	Young
Fraser,	Matthews,	(<i>Toronto Northeast</i>),
Gardiner,	Maybee,	Young (<i>Weyburn</i>)—129.
Geary,		

[Quorum 25]

ORDER OF REFERENCE

TUESDAY, April 5, 1927.

Ordered,—That 500 copies in English and 200 copies in French of evidence being taken by said Committee respecting Bill No. 78, An Act respecting The Montreal, Ottawa and Georgian Bay Canal Company, be printed for the use of the Committee and of the House of Commons, and that Rule 74 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, April 5, 1927.

The Committee met at 11 a.m., Mr. Young (Saskatoon), Acting Chairman, presiding.

Present: Messrs. Anderson (Halton), Anderson (Toronto-High Park), Arthurs, Auger, Bell (St. Antoine), Bell (St. John-Albert), Blatchford, Bothwell, Bourgeois, Bowen, Bradette, Brown, Campbell, Cantley, Casgrain, Casselman, Charters, Cowan, Delisle, Denis (St. Denis), Dionne, Donnelly, Dubuc, Duff, Dunning, Edwards (Waterloo South), Embury, Esling, Evans, Fafard, Fansher (Lambton East), Fansher (Last Mountain), Fraser, Gardiner, Geary, Gershaw, Girouard, Glen, Goodison, Guerin, Hanson, Heaps, Hocken, Howard, Howden, Jelliff, Jones, Kay, Kennedy, Lacroix, Laflamme, Lanctot, Lapierre, Lavigueur, Lovie, Lucas, Luchkovich, MacDonald (Cape Breton South), Macdonald (Kings), MacLaren, McKenzie, McLean (Melfort), McPhee, Maloney, Matthews, Maybee, Mercier (Laurier-Outremont), Mercier (St. Henri), Millar, Milne, Parent, Perley (Sir George), Pettit, Pouliot, Price, Rennie, Robitaille, Ross (Moose Jaw), Rowe, Ryerson, Sanderson, Simpson, Smith (Cumberland), Spence (Maple Creek), Spencer, Stevens, Stewart (Leeds), Stirling, Taylor, Thorson, Tobin, Totzke, Tummon, Vallance, Ward, Young (Saskatoon), Young (Toronto-Northeast), Young (Weyburn)—98.

Bill No. 144—Midland Railway Company of Manitoba. Preamble. Consideration resumed. Mr. Heaps read a telegram from Premier Bracken of Manitoba endorsing the protest previously registered by the Public Utilities Commissioner of Manitoba, and read at the last meeting of the Committee.

Preamble carried.

Sections 1 and 2 carried.

Section 3. In the last line, the words "this Act" deleted and "the Railway Act of 1919" substituted therefor. Section carried as so amended.

Ordered,—To report the Bill as amended.

Bill No. 174—Red Lake and Northwestern Railway Company. Preamble. Consideration resumed. Mr. Hibbard, one of the promoters, and Col. Thompson, counsel, addressed the Committee. On motion of Mr. Lapierre, Mr. Heenan, Minister of Labour, was heard, he having sponsored the Bill last session. The question being put on the preamble, same was declared not proven, and it was

Ordered,—To report preamble not proven, not being in public interest that charter should be granted.

Bill No. 254 (Letter C6 of the Senate)—Algoma Central and Hudson Bay Railway Company.

Preamble read and adopted.

Section 1 carried.

Ordered,—To report the Bill without amendment.

MONTREAL, OTTAWA AND GEORGIAN BAY CANAL COMPANY

Bill No. 78—An Act respecting The Montreal, Ottawa and Georgian Bay Canal Company.

Preamble read.

Hon. Mr. Dunning, Minister of Railways and Canals, moved, and it was resolved,—

That the evidence be stenographically reported, and that permission be asked to print said evidence.

Mr. Chevrier (sponsor), having received permission to address the Committee, it was thereupon, on motion of Mr. Blatchford,—

Resolved,—That the promoters be first heard.

Mr. Harry Sifton was called and heard.

Witness retired.

Mr. Wynne Sifton was called and heard.

Witness retired.

The Committee decided to recommend to the House that 500 copies in English and 200 copies in French of the evidence being taken be printed for the use of the Committee and of the House of Commons.

The Committee adjourned until to-morrow, Wednesday, 6th April, at 11 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 231,

HOUSE OF COMMONS,

TUESDAY, April 5, 1927.

The Select Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 a.m., the Acting Chairman, Mr. Young (Saskatoon) presiding.

The Committee proceeded to the consideration of Bill No. 78, "An Act respecting the Montreal, Ottawa and Georgian Bay Canal Company."

The CHAIRMAN: The preamble reads:—

Whereas the Montreal, Ottawa and Georgian Bay Canal Company has by its petition prayed that the time for the commencement and completion of its canal and works may be further extended, and it is expedient to grant the prayer of the said petition: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Hon. Mr. DUNNING: Mr. Chairman, before the discussion of this Bill commences, I would like to say a word. I think every member of the Committee will agree that this is of some importance, and we ought to have a record of the evidence taken. The only permission this Committee has from the House up to date, with respect to recording and printing evidence is with regard to the Peace River resolution referred to the Committee. I now move that the necessary steps be taken to secure permission from the House with regard to the printing of evidence only.—I do not mean to print the speeches pro and con, but the evidence only—as in the case of the Peace River resolution. In the meantime, arrangements can be made to take stenographic notes, so that the decision of the House giving us permission can be availed of as soon as possible.

The CHAIRMAN: You have heard the resolution by Mr. Dunning. What is your pleasure?

Motion agreed to.

Mr. WARD: Would it not be well that questions arising out of the evidence be also reported?

Hon. Mr. DUNNING: That will be included as part of the evidence.

Mr. CHEVRIER: I am not a member of this Committee; that is my misfortune, and that is the reason why I am sitting here. I would much prefer to be sitting with my colleagues. I crave leave of this committee if, in the course of the discussion, I feel like making certain remarks, asking certain questions, or saying certain things, that I be given permission so to do. I am the sponsor of this Bill, and am in the unfortunate position of being in no man's land at the present time.

The CHAIRMAN: I take it the committee is willing to hear Mr. Chevrier. All in favour will so signify.

Motion agreed to.

Mr. BLATCHFORD: Mr. Chairman, we have heard a great deal of discussion in connection with this Bill, from members of the House of Commons, for and against. I move that we now hear the promoters, so that we will have both sides of the question. I refer to Mr. Harry Sifton.

Mr. ROSS (Moose Jaw): Would it not be in order to get permission from the House to have the evidence taken down, first of all?

The CHAIRMAN: That is being done now.

Mr. CHEVRIER: Subject to objection.

The CHAIRMAN: What is your pleasure in regard to Mr. Blatchford's motion?

Motion agreed to.

Mr. HARRY SIFTON: Mr. Chairman and members of the committee:

In addressing the committee on this subject, I do so with a certain amount of nervousness, not because I have any doubts as to the merits of our case, but because this is the first time I have ever appeared before a committee. I was greatly pleased, as one of the citizens of Canada, to see the speed with which you do business in this committee, and I would like to suggest that, if you are going to carry on at that speed throughout the whole morning, you do it on our side rather than on the other.

I am going to endeavour to place before you gentlemen what I consider the important facts surrounding the Georgian Bay Canal enterprise. After all, we are all here to settle a very important problem. There has been a great deal of discussion of various kinds, but the main feature which has emerged from the discussions in the newspapers and on the floor of the House, is that it is really a very important question to solve, and it is no solution to walk away and leave it where it is. It is better to settle it at the time it arises, and it is for that reason I have asked permission to address the committee on the general aims and objects of the promoters of the Bill, and whatever objection there is and whatever good points there may be.

Now, the Georgian Bay Canal Bill is a bill to extend certain clauses of a charter to construct a canal from the Georgian Bay to Montreal. Perhaps I may be permitted to say that apparently there is some difference of opinion on that point in the House, but, as a matter of fact, the main point of the company, if they do anything, is to construct a canal from Georgian Bay to Montreal. Certain clauses in the charter deal with water-powers which are incidentally made possible to develop through the work being done on the river in the construction of that canal, but the water-powers referred to in those clauses are water-powers which can only be developed on account of the head of water being created through the construction of dams across the river, and therefore, they are subsidiary to and contingent upon the construction of the canal. This is the spirit of the charter. The promoters acknowledge the spirit of the charter; they recognize—and I might perhaps say this to settle it once and for all—that they have no right whatever to turn this charter into a great power company without investing any money in canalization. They recognize that is not the spirit of the charter. They recognize—and I am of the opinion—that they have no legal right to do so. However, to clarify that point, I think three or four amendments might possibly be made which would be acceptable to the promoters. The first amendment does not add anything to the charter, but it may clear up certain suspicions which some people might have. The first amendment would be an amendment which would prohibit the shareholders and promoters from profiting to the extent of one dollar from the operations of the business until the canalization and navigation had been completed, from the far end of the canal at Georgian Bay to Montreal. All the assets they might have, and all their activities would have to be dedicated to the construction of this canal and the improvement of it, from one end to the other, before any profits could be taken by the shareholders or promoters of this canal. This would preclude the possibility of anybody taking over the water power, without any return

[Mr. Harry Sifton.]

to the public commensurate with the value of the water-power taken. I think that would meet a good many objections to the Bill.

There are two or three other things which might just as well be fixed up while I am at it. I think the Board of Directors, or at least the majority of them, should be Canadians or naturalized Canadians. Although it is settled, I would suggest that a clause be incorporated in the Charter which would prohibit the exportation from the Dominion of Canada of any hydraulic or electric or other kinds of power developed in connection with, or for the purpose of, the works, to any other country outside of Canada. I do not know that that is necessary, because they could not export power without a further license, which of course, would not be given.

In addition to those amendments, there are certain things which you will take up in detail in connection with the Bill. There is the ambiguity as to the duty of the company in preparing their plans for approval, and the duty of the Department of Railways and Canals in connection with the approval of these plans. This should be cleared up so that there will be a regular order, and a specific method to be followed in preparing these plans, and acquiring the approval of the Department.

We will now take up the contentious features of it, and the general atmosphere surrounding it. As a matter of fact, the power business in the Dominion of Canada has been a profitable business; in my opinion, it has been altogether too profitable. Under provincial charters large water-powers have been granted to private companies; that is, in the province of Quebec, they have been to private companies, and in the province of Manitoba they have been to public commissions. Great water-powers have been granted in return for very small rentals, with the result that the power business has become the most profitable business there is in America. Companies have been given the opportunity to develop great water-powers, and are asked to pay the province a small rental per horse-power per year in exchange for the power privileges, which are very profitable, and great companies have been developed. In the province of Quebec there is a combination of power companies, pulp and paper companies, etc., which, in my opinion, have attained far too much size, and they have been so profitable that it has given rise to this great ascendancy which they have enjoyed. But the members of this committee of the House of Commons should simply consider the main facts when dealing with this question of power.

With regard to the Ottawa River; you have the first opportunity that Canada has had for some time to get more for your water-power than was ever received before. I have read a great deal of these reports about waste, and about stealing water-power, and so on, but let me submit there are three facts in connection with it. I have always thought that the water-power on the navigable rivers, after navigation and canalization had been completed, was at the exclusive disposal of the Federal authorities. That has been my opinion. We heard the Minister of Justice make his speech the other night, in which he confirmed that view, or rather, gave the legal proof of that view. I might say that my opinion of the framers of our Constitution, and of our early lawyers, went up a great deal when I saw that they fixed it in the British North America Act so that we could have this power of the Ottawa River. That was clearly settled by the Minister of Justice that night, that water-power, after it had been developed, incidental to the improvement of navigation, was at the exclusive disposal of the Federal authorities. That means this; that this committee, after it has made its recommendation to the House, depending on how they act upon that recommendation, can dispose of the water-power of the Ottawa River without contest from any other authority whatever. That part of it is dealing with the facts.

Now, with regard to what—

Mr. HANSON: Is that not the law, Mr. Sifton?

Mr. H. SIFTON: Yes, you are right. Now, dealing with what you might do with it,—with the Georgian Bay Canal charter. If you confirmed that charter, you would be endeavouring to get a canal for the Dominion of Canada, and in order to get that, you are willing to allot to the Canal Company the right to use the profit from the incidental power. The canal in itself is not likely to pay for a great length of time, but with this large water power which would be incidentally created by the construction of the canal, it looks possible to make enough money to construct the canal. If it turns out that you will do it, this great canal will go through a very productive section of this country, and the charges of the canal, which would otherwise be lost, would be taken out of profits from the sale of power which is incidentally developed on the route. Now, as soon as you do that, as soon as the House of Commons looks as though it might approve of this principle, we hear a great storm of protest from the province of Ontario, or rather, from the newspapers. For those who have not the privilege of living within our province, I might suggest that sometimes what appears in the Ontario newspapers is not always what the people of Ontario are thinking. However, there is a great storm of protest from the newspapers in the province against the granting of this lease, or the renewal of this charter, which will carry with it the right to use incidental power.

Mr. GEARY: You are aware that the province of Ontario protested; it was not the newspapers, but municipality after municipality has protested.

Mr. H. SIFTON: Mr. Geary, I will deal with the protests of the province of Ontario in a few moments.

Mr. GEARY: Do not say it is only the newspapers.

Mr. H. SIFTON: I just warned the members of the committee not to believe that everything which appeared in a newspaper carried the full support of all the people of Ontario. Are you opposed to that, sir?

Mr. GEARY: Not necessarily. I say you are making what is unwittingly a mistake.

Mr. H. SIFTON: I will have to leave that to the committee, sir. Now, we got a storm of protest from people who are interested in the old methods of the development of water-powers. They do not want—and you can take it from me in this way—a new principle established whereby the people who develop water-powers must use the profits from the development of these water-powers for the canalization of the rivers in the interests of the people of Canada. They do not want it. Their point of view is that canalization and the cost of navigation is the duty of the Federal government, and they are willing that the Federal government shall spend the money for canalization, or for the improvement of the rivers, leaving the water-powers, if it is possible—separate them, which I do not think it does. The exploitation by the lessees under provincial laws changes the situation to a great extent. I think a great many of the editors of the papers in Ontario have gone to considerable extremes in what they have said about what we propose to do, but as a matter of fact, the force behind it is the force of the power developers who wish the old method, which was current in the provinces, to be established under Federal authority, where navigable streams are up for settlement.

Mr. HANSON: Are you referring to the Globe, for instance?

Mr. H. SIFTON: I am an old Liberal, and I would hate to say anything about the Globe. My opinion is that I ought to let it go as far as it likes, because look what they did in the days of George Brown.

I would like to take up for a few moments this question of the suggestion that there is a contest between the Georgian Bay Canal and public ownership. This is a point which is very important. There is no issue between the pro-

[Mr. Harry Sifton.]

moters of the Georgian Bay Canal Company, the Georgian Bay Canal Charter, and public ownership properly so-called. There is no issue there. Since 1894 this charter has contained a clause which allows the government of Canada to take over this entire enterprise on giving seven days' notice. This was a recognition of the fact that the people of this country, the citizens of Canada, might perhaps feel disposed to do this work themselves, and they wanted to be able to come in any time they liked and do it. With that suggestion we are in hearty approval. More than that, I would like very much if the Dominion of Canada would take over the canal charter to-day and construct the work as a national enterprise. We approve of it, and want to be among the first people to assist you if you have any idea of doing that, but if you do not, we think you should allow us to try it; we think it is a good business deal, and that it will be profitable and should be done, and we think the government can do it as well as we can.

Perhaps you will bear with me for a few moments while I say this; that on the Ottawa River where there are large water-powers, where a great deal of labour would not be required to operate the developments after they were built, where navigation must be considered, where you have a ready and steady market, where your raw material is water-power which the Lord takes up from one side of the dam and puts down on the other—it is not a wasting asset. This constitutes, I think, a practical and ideal situation for public ownership development. If the government of Canada studied this for a little while, I think they would find that it would be a great scheme to develop the Ottawa River as a national enterprise. You may put forward the objection "What about the money?" The Canal Company is not asking for any money; they must know from where they will get it. Our opponents seem to think there will be a great profit in it. If there is, then the government has the right to take it, and I support them in that view, but if they do not propose to develop the river on their own, I think that, as lessees of a Federal power, we should be allowed to go forward and do what we can with it. I would like to have it settled that we are not in opposition in fighting for anything, as opposed to the Federal authorities.

We have something to say as opposed to provincial authority, but with regard to public ownership, so-called, of the national development of navigable streams, we are supporting it.

I must deal now with something which is a little difficult in a way—

Mr. POULIOT: May I ask you a question there? Will you tell the committee what your work has been in the past, and what you can guarantee to do in the future?

Mr. H. SIFTON: With regard to the work in the past: this is a very large job, and it was not economically possible. The water-powers were not sufficiently available, the water-power subsidiary and contingent upon the development of the canal was not sufficiently profitable to give a fair chance for considering the possibility of constructing a canal heretofore. They have now become profitable, and it is now possible to construct it.

With regard to guarantees; if you care to go into those, perhaps something can be done later, but in the meantime it is not in our interest to talk about what arrangements we have made, but we have discussed them with bankers to the extent of being willing to fight for a renewal of the Charter, and the opportunity to try it out.

Now, in dealing with the question of the taking over of this work by the Federal government, some of our friends have been sufficiently unkind to suggest that if that were done, we would make a great claim for damages against the people of the Dominion of Canada. I want to set the minds of the members easy on that point—

Mr. POUILLIOT: I am sorry, but I did not get your answer to the last part of my question. What guarantee do you give—

Mr. H. SIFTON: I am not submitting any guarantees this morning. If the government cares for guarantees, and the type which they will be, we will have to submit to their request, but I am not submitting guarantees this morning.

Now, with regard to claims against the government: the present promoters of this Bill have been put to a considerable, but not a very large amount of out-of-pocket expenses. If you propose to take over this enterprise, all that the present promoters would want would be their specific out-of-pocket expenses. They would want nothing for loss of profits in the future; all they would expect would be a return of the legitimate and sound expenses which were incurred and which the government might agree to, and recognize, in connection with the promotion of this Bill, and the work done so far.

There is, however, one other item. The control of this enterprise has been widened in recent years. For some twenty odd years it was controlled and looked after by a group of English capitalists. They carried the load for twenty odd years and spent a great deal of money. We have a statement from their auditor as to what their expenses have been, and it is a tremendous amount. We do not take any responsibility for that account; we have no interest in it; we have no reason to believe it is not sound; we believe it is absolutely sound, but you would have to deal directly and independently with the British shareholders in this enterprise, in regard to that, and deal directly and independently with us in regard to ours, and, as I say, our bill would be practically nothing for a thing of this kind. I would like to have that settled now, to do away with any suspicion or suggestion that we are trying to raid the national resources of Canada, or failing that, that we will hold somebody up. I would like to have that feeling allayed, and I would not like to hear any more about it, because you have my word as to our plans in this matter.

Mr. GEARY: Mr. Sifton, I do not want to interrupt you too much, but before you pass from that subject, would it be convenient to answer a question or two?

Mr. H. SIFTON: Yes.

Mr. GEARY: You represent the promoters now in control?

Mr. H. SIFTON: Partly in control; we have associates.

Mr. GEARY: Your present control is bought from the previous owners. I take it, of the charter?

Mr. H. SIFTON: No, sir.

Mr. GEARY: Is there anything due from you to them?

Mr. H. SIFTON: No, sir.

Mr. GEARY: Then what do you expect the government to pay to those who have gone before?

Mr. H. SIFTON: I do not know, sir; I suppose they will pay what they are entitled to get.

Mr. GEARY: Have you any figures in your mind?

Mr. H. SIFTON: No, sir, none whatever; it is a matter of adjustment of accounts; it is a matter of negotiation.

Mr. GEARY: I want to get at the heart of this. You refer to the claim made by others and yourselves; have you any figures? If so, I would like to have them; if you owe them any money, I would like to have the amount; if you have paid any money for your rights, I would like to have that amount.

Mr. H. SIFTON: I can answer that. The company has on its files a certificate by an auditor as to the amount of money expended up to a certain date. I am not submitting the auditor's statement just now, but it is available,

[Mr. Harry Sifton.]

and of course the committee can have it if requested, but with regard to what we owe them and they owe us—we do not owe them anything. What was your third point? We did not pay them any more—

Mr. HANSON: Did you agree to pay them anything?

Mr. H. SIFTON: Not a dollar.

An hon. MEMBER: Do you consider the Dominion should pay them anything?

Mr. H. SIFTON: That is a matter for the committee.

Hon. Mr. DUNNING: You are now speaking of the section of the Bill which provides for the government to take over these undertakings?

Mr. H. SIFTON: That is it.

Hon. Mr. DUNNING: You are not discussing a possible claim against the government in case this charter is not renewed?

Mr. H. SIFTON: No, sir; we are not discussing it, but I was answering the two or three questions asked by Mr. Geary.

Sir GEORGE PERLEY: If you have not paid the previous owners of the charter anything, or promised to pay them anything, may I ask how you got control of the charter

Mr. H. SIFTON: We have done certain things for them, and we undertook to carry on the business from now on, in exchange for which they gave us permission to vote the equity stock.

Sir GEORGE PERLEY: Eventually you would have to pay them something?

Mr. H. SIFTON: Of course. If we went on and they wanted to get out, for instance, we would put up our bill against their bill and adjust it.

Sir GEORGE PERLEY: You are really almost partners?

Mr. H. SIFTON: That is all, at their request.

Mr. GEARY: If this charter is not renewed, what claim will be made against this government?

Mr. H. SIFTON: I will not answer that to-day. The committee will have to decide that. Our claim will be very small.

Mr. KAISER: It would clear the matter very considerably if you would be frank.

Mr. H. SIFTON: I don't understand that—

Mr. KAISER: What is the amount of your claim?

Mr. H. SIFTON: I don't know. It will be the keeping up of the staff, etc., for about two years; that is all.

Mr. KAISER: You have some idea?

Mr. H. SIFTON: I do not know how big it will be.

Mr. POULIOT: What is the name of your company?

Mr. H. SIFTON: The Georgian Bay Canal Company.

Mr. POULIOT: Who are the directors of your company?

Mr. H. SIFTON: I have not got a list of them; there are twelve or fourteen of them. Just a moment; Mr. Ritchie will take up that question and the whole history of the charter when his time comes on. I do not think I can answer these questions at random.

Mr. GARDINER: Mr. Sifton has not cleared up to my mind—

Mr. H. SIFTON: I am going to say some more, so it may be cleared up later.

Mr. GARDINER: With regard to the question you are just answering; you stated you would have a claim against the Dominion government, although it might not be very large.

[Mr. Harry Sifton.]

Mr. H. SIFTON: Yes.

Mr. GARDINER: Do you think you are justified, providing the House or this committee do not renew this charter, in making any claim?

Mr. H. SIFTON: That will be a point for the committee to decide.

Mr. BROWN (Lisgar): I think the committee is being led off on to a side track here.

Mr. MERCIER (St. Henri): State your case, Mr. Sifton.

The CHAIRMAN: It seems to me we might let Mr. Sifton make his statement, and after he has completed it, if there are some questions to be asked it will be fit and proper that they be asked.

Mr. H. SIFTON: I have dealt as well as I could with the question of public ownership as opposed to the Canal Company. I would like now to deal with the other feature of the opposition which has been raised, that is, the question of provincial rights. Now, in dealing with provincial rights, or in dealing with another suggestion which has been frequently made as a solution of the problem: the suggestion for solving this problem has been that the Canal Company's charter be allowed to lapse, and the National Hydro Electric lease, which will come up for renewal on the 1st of May, will be allowed to lapse. I would like to submit that that policy will not be a solution of the problem, for the simple reason that if you withdraw from the river, if you allow the water-powers to be developed by provincial lessees, every one of the great developments will soon belong to the power lessees. You have one on the Gatineau now, and you will have a duplication of that at ten or twelve different places under provincial authority. They will be making a great profit out of the power development under the provincial rights and licenses, but the canal is gone, and in the future, Canada could never construct it, and probably it would not be worth while to construct it. In pursuance of provincial rights, an effort is being made to force the provincial authorities to withdraw from the Ottawa river, and there have been arrangements made by the power companies interested in provincial rights. The power company in the province of Quebec which has been making a great deal of money out of provincial development of water-power was a private company, and in Ontario we have a big public ownership enterprise called the Ontario Hydro Commission. They are just as anxious to establish the right to develop water-power, without contributing to canalization, as the private company in the province of Quebec; they are so anxious to establish this feature that they have already made a working arrangement with the Quebec developers. The first feature of that is Gatineau power development here; the second feature is—and I might ask Mr. Geary to follow me in this point—the wording of the resolution sent by the provincial parliament of Ontario to the Federal authorities, urging them not to renew the canal charter. Now, it was a matter of public knowledge that the National Hydro Electric Company of Montreal held the lease, and holds the lease now, and this is now evident at the water site at Carillon at the foot of the Ottawa River, which would develop under Federal lease 300,000 horse-power. Now, it was a matter of public knowledge that if the Georgian Bay Canal charter was repugnant in a legal sense to the rights of the province of Ontario, then the Federal lease to the National Hydro Electric was equally repugnant to the province of Ontario. This was known all over this country. The wording of the resolution of the province of Ontario protesting against the Georgian Bay Canal Charter contained no word of condemnation of the National Hydro Electric's rights. This, in itself, is evidence of the arrangements which have been made. They have a perfect right to make any arrangements they like—I am not objecting to them—and they undoubtedly intended to develop the Carillon rapids in the same way as the Gatineau was developed by us, and would erect a duplication of these positions all the way up the river, and in that arrangement, you have the Ontario Hydro Electric Com-

[Mr. Harry Sifton.]

mission making themselves the retailers for the great power trust of the province of Quebec and the city of Montreal, and at the Gatineau they will retail a great deal of the power of the Gatineau Power Company at a price which will pay interest and sinking fund on the cost of the plant, and eventually leave the plant free for the present owners. Some such arrangement might be made at the Carillon and half of that work might be done by the Hydro Commission, but under this arrangement, it is proposed to contribute nothing to the cost of improvement of navigation, or the construction of the canal to the Ottawa River. I would like to suggest that you consider this, with an eye to the future. This is just an answer to one of the most difficult problems that this country—and not this country alone—but the United States, our neighbours—will also have to settle.

In the course of the next few years, the Dominion of Canada will be asked to take her place beside the United States in the construction of the greatest bit of practical statesmanship ever attempted on the North American continent. I refer to the waterway of the St. Lawrence. That will be the greatest piece of business ever done in America. Canada will be asked to join with the United States in its construction. If the Federal government abdicates its rights as to water-power of navigable rivers, that is the greatest problem which public utilities have ever raised, and when the St. Lawrence river project comes up, the same principles will have to be applied to the St. Lawrence river. If you attempt that, then these two governments will get their money from the citizens of the whole country who have no private interests to serve; these two governments will use public funds for the improvement of the navigation of the Ottawa river, and the construction of the canal. In the development of the St. Lawrence river, by the time the canals are completed sixty per cent of the work necessary for the development of the water-power shall have been completed under the head of "Navigation Improvements." These power companies would have a perfect right to make a case of it—that is, Federal authority; now, provincial rights come in, and by an expenditure of the balance of forty per cent of the cost, they will take the power. Then the Federal authorities could lose as much money as they liked on the canal, and the provincial authorities would make a great profit from the power development. That would carry with it certain implications which I think we should very carefully scrutinize before we attempt them. It means this; that these great private companies where owned by private individuals, would become of enormous size; their profits would be tremendous. They are in a legitimate business, but it is questionable how big we want them to get. In the case of the Hydro Electric Commission of Ontario, they would take the same position exactly as the private companies, and you would have then the great natural resource of this country as represented by water-power, being used for the exclusive benefit of the people who happened to live within a transmission distance of the falls. It does not make any difference whether it is the Ontario Hydro Commission or the Quebec Power Commission, or anything else. This power would be used for the exclusive benefit of people who lived within transmission distance of the falls, but all the people of this country from one end to the other would be investing in the canals, which would not pay in cash, as I understand we are not to charge tolls.

That is a condition which, in my opinion, the Federal House of Commons should not stand for, if I may be allowed to use such a word. It is the duty of the members of the House of Commons of Canada to look upon the interests of the people of Canada as a whole, from one end to the other, and if a great enterprise, comprising \$1,000,000 on the Ottawa, or \$4,000,000 or more on the St. Lawrence, is to be developed, the profits from that development must pay a certain charge, and that charge can only properly be used by constructing the canalization, and improvement of the rivers, out of profits, before they make any profits for themselves.

[Mr. Harry Sifton.]

It was my privilege last September to stand as the Liberal candidate for North York, which is a riding which is buried in the middle of a very strong and very prejudiced type of political opinion, and I am surrounded by and have underneath and on top of me a great deal of hydro discussion. Perhaps some people do not think I am a good public ownership man; I am not on the side of the province as against the Federal authority. We may as well be clearly understood on that. I have some doubt of the soundness of acknowledging any long-distance distribution service from every side right in the province; I think that is a policy which could be left to private enterprise. If the province could be divided into sections and compete with each other, we would have arrived at just as good a position as we are in now. I look with certain distrust on the Hydro Commission with regard to branch lines, and I feel that the people should expect the Federal authorities to develop such an asset as water-power. I think it has all the elements for success. Four years from now, if our Liberal Convention in North York is kind enough to ask me to stand, if it is possible, I shall accept the honour, and I shall no doubt be presented with what is called a royal North York fight against my position on public ownership. I want to tell the people here, now, that I have nothing to apologize for, and my position will be this: that this great water-power resource of Canada is the heritage of the whole Canadian dominion; it is the property of the whole nine provinces, and nobody in any one province should suggest the idea that this asset should be developed by two of the nine children of our family. I thank you.

The CHAIRMAN: Do any members of the committee wish to ask Mr. Sifton any questions?

Mr. CHEVRIER: May I express my thanks to the committee and yourself for extending to me the courtesy to say a few words. As I understand it, the evidence is to be printed, and will be available in the morning. Mr. Wynne Sifton, the vice-president of the company, wishes to make a statement, and his evidence will be taken, and these two gentlemen will be available at any time the committee desires, and the members of the committee will secure copies of this evidence to-morrow, and can digest it, and these witnesses will be available for cross-examination. I suggest that they be given the opportunity of making this statement, so that the members of the committee will know their stand, take time to read their evidence, and then avail themselves of their presence for cross-examination if desired.

The CHAIRMAN: Does any member of the committee wish to ask any questions now, or shall we follow Mr. Chevrier's suggestion?

Several Hon. MEMBERS: Follow Mr. Chevrier's suggestion.

Mr. WYNNE SIFTON: I would like to answer the question which has been addressed to my brother. I am more familiar with the details of this question than is he. I am familiar with the English question, and the actual figures for any statement of claim which will be made against the government are figures which will be made by auditors. We have never had an auditor go through the books for that purpose, and I think it is unfair for us to be asked to bind ourselves in dollars and cents, before the auditors have a chance to go through the statement. I notice Sir George Perley is here, and I think he will remember that the English holders under this charter, some years ago, when he was in London, were asked with regard to their costs, and what amount they would claim. My remembrance of it was that it was somewhere in the neighbourhood of £225,000 in 1912. I have the correspondence in the office, which could be looked up, and produced to the committee, but I would like to have notice as a matter of definite figures.

[Mr. Wynne Sifton.]

I think the debate in Parliament has been a great advantage in familiarizing hon. members with this matter. I am an official of the Montreal, Ottawa and Georgian Bay Canal Company and speak for that Company.

That Company, as you know, was chartered in 1894 as a Canal Company. It has been duly organized under the terms of its Charter and the Railway Act to which it is subject, the exists as a Canal Company.

For the information of this committee and of the Press and the public at large, it might be as well to state here that every unrepealed clause ever applicable to this Company is in force and applies now. This is the fact and was in effect so stated by the Hon. leader of the opposition. Nothing has been left out of this Bill and any other statement—and there have been many—is a direct misstatement of fact.

But if any hon. member feels any doubt on the point, the Company would be pleased to accept any amendment re-enacting any unrepealed clause or all the unrepealed clauses of previous legislation affecting the Company.

The original Charter as amended by Parliament granted certain specific definite statutory rights and authorities to the Canal Company to build, own and operate the Georgian Bay Canal, all of which were subject to two conditions. The first and primary condition is—

Section 18.

Before the Company shall break ground or commence the construction of any of the canals or works hereby authorized, the plans, locations, dimensions, and all necessary particulars of such canals and other works hereby authorized shall have been submitted to and have received the approval of the Governor in Council.

Thus the grant of authority to build, own and operate the Georgian Bay Canal was definite and final, the right vested in the Company with the granting of the Charter. But by the above clause, the exercise of that right was postponed until the plans were passed.

It was clearly not intended by Parliament that the Governor in Council could nullify a statute of Canada by failure to pass the plans, neither was it intended that the Company formally invested by Parliament with these rights, should lose or forfeit same by failure of the Governor in Council to pass the plans.

What was clearly intended was that the Executive should exercise its function in the public interest by seeing to it in advance, in the public interest, that structures placed on this Public Highway should be fit and suitable structures.

That rather raises a point on a question which was asked a few moments ago with regard to these plans. I want to refer to a statement which was made by Mr. Garland (Bow River) in his speech in the House of Commons, in which he read a long report from K. M. Cameron, Chief Engineer of the Department of Public Works, dated January 2nd, 1925. There is no use reading it; it is on Hansard on pages 1487 and 1488 of the unrevised edition.

Sir GEORGE PERLEY: You had better read it.

Mr. W. SIFTON: It is a whole page, Sir George. It mentions objections to the plans which we filed. Now, I was vice-president of this company, and I filed these plans personally with the government, and I personally made application to the two Ministers concerned, to the Minister of Railways and Canals, and the Minister of Public Works, and I interviewed various officials in those departments, and when this document was read in the House of Commons it was the first time I ever heard of it, or that any official of the company had ever heard of it. I never had a copy, and we never had any objections made to our plans.

[Mr. Wynne Sifton.]

There was no letter or document of any kind, sort or description, criticising our plan, and we never had an opportunity in any way to alter, amend, or change our plans so as to meet the views of others, or had any objections raised by any official of the government. I would like to make that quite clear; that this Company is not in default. This Company filed its plans. There may be certain grounds for objection on technical grounds with regard to these plans. We finally got down to the real root of the objection about a year ago, and I will deal with it in a moment or two.

The secondary condition to which the authority to build the canal was subject was a definite safeguard against the failure of the company to exercise the authority granted to it by Parliament, namely, the provisions which appeared in Clause 44 of the original charter, and is now contained in Clause 1 of the Bill before you. This Clause does not affect the charter, nor does it alter or change to the slightest degree the authority of or terms on which the company can build the Georgian Bay Canal. It is a clause which compels the company to utilize its authorities within a definite time. The purpose and intent—the original and present principle of this clause—was to cause the company to forfeit its rights to build the canal in the event of the company being in default in the exercise of such rights.

The company now appears before Parliament in this position;

(A.) The company has never been and is not now in default. It has rigidly observed the whole of its obligations.

(B.) Through no fault of the company the primary condition of having its plans passed by the Governor in Council has not been satisfied. The Government has not passed the plans. This is not the fault of the company. If necessary we are prepared to call any evidence the Committee wishes to prove these statements.

(C.) Through no fault of the company, the company is in danger of having its rights lapsed because it has not exercised same before the given date.

The company therefore asks in this bill that it be relieved of such a penalty which the company has done nothing to deserve.

This is the principle of the Bill: No more, no less. We submit that this is a proper case for Parliament to grant the relief prayed for.

So far as precedents are concerned, we have got one right in connection with the bone of contention to which the Minister of Railways referred, in this Order in Council dated the 26th of August, 1926, in regard to the Carillon. This is the observation of the Minister:

For financial and engineering reasons the company has been unable to conform to the original time clause in its lease, and appropriate extensions have been authorized by Orders in Council dated August 14, 1923; November 29, 1924, and October 28, 1925.

It appears perfectly plain that the practice of the Department has been to grant extensions on the Ottawa River when, for financial and engineering reasons, the company has been unable to conform to its original time clauses.

In our application we did not go as far as the ordinary practice of the Railways and Canals Department allows. The Railways and Canals Department have, in effect, granted extensions when the company has been in default for financial and engineering reasons. Our company is not in default for either financial or engineering reasons. The time clause has elapsed, or is about to elapse, because our plans are on file. Until after the Bill was actually advertised to be brought before Parliament, we never received one scratch of the pen from any official of the Government intimating that there was anything whatsoever the matter with our plans.

While on the subject of the addition of clauses, in the effort to get our plans passed, we have been faced with a certain ambiguity in the terms of

Section 18, which I have just read. We state that if this Bill is going to pass and the charter become workable Section 18 should be amended by the addition of the following words:

The said plans, locations, dimensions, and other necessary particulars of such canals and other works hereby authorized shall be as follows;

(A.) General route plan from a point on the river St. Lawrence at or near the city of Montreal to the navigable waters of the Georgian Bay.

(B.) Location plans of work to be undertaken.

(C.) Detailed plans and particulars in conformity with and in furtherance of the first location plan.

Such an amendment would eliminate all ambiguity.

Hon. Mr. STEVENS: What do you mean by the location plan?

Mr. SIFTON: The location plans give the actual or the approximate site of the dams. We filed location plans. The position, as I understand it, taken by certain of the Government Engineers, is this; that they do not contain the details of rock borings in the bed of the river, and various other expensive data. I submit that it is not fair to ask this company, for instance, in the section from here to Montreal, to spend upwards of \$100,000 to \$150,000 in making borings in the bed of the river, and making detailed plans and giving detailed quantities, and such like, on which we could let a contract in five minutes, until the Government Engineers have gone so far as to give us the approximate location. They could say, "We want that dam a little bit up the river," or, "we want the dam a little bit down the river; we do not approve of the location." That is very unbusinesslike. The first thing that should be settled is the route; the second, is the location; and the third, the definite detailed plans, with the quantities and specifications, and such like, based on those location plans.

Hon. Mr. STEVENS: How could the Government approve of your plans in any locality where you have no idea whether the construction of a dam at that point is feasible?

Mr. SIFTON: We know in a general way; they know in a general way themselves.

Hon. Mr. STEVENS: But they cannot approve a plan on general expectations?

Mr. SIFTON: No, but they reserve the right, if the detailed plans do not show that it will be justified, to refuse the passing of the detailed plans. The passing of the location plans would not bind the Government in the slightest way to pass the detailed plan, but it would give us a general indication. It is not the same with the railways?

Hon. Mr. DUNNING: Yes.

Mr. SIFTON: Is not the general location passed first?

Hon. Mr. DUNNING: This is a different class of work, but that is the general practice.

Mr. SIFTON: The location of bridges, for instance; is that not passed for general location?

MAJOR BELL: That is the general idea. As I understand it, Mr. Sifton simply filed a plan with just a drawing on it. "We will have a lock here, a dam here," and so on. You could take any map and just put that on. Is that not what you filed?

Mr. SIFTON: We showed within half a mile to a mile the location of the locks.

Hon. Mr. STEVENS: My submission is that Mr. Sifton has not filed plans until he files a plan upon which an engineer has passed.

[Mr. Wynne Sifton.]

MAJOR BELL: The Department of Railways did not consider the plans that Mr. Sifton filed as location plans, therefore we did not deal with them.

MR. SIFTON: You never informed us to that effect.

MAJOR BELL: I cannot answer that.

MR. SIFTON: You know you did not.

This company, through no fault of its own, has been forced to apply to Parliament for relief by way of extension of time to commence construction, and the occasion has been taken to discuss what it is that the company possesses in the way of rights, and whether, due to the changes of time, such rights should be modified or altered, and whether additional safeguards should be imposed in the public interest.

This is a natural matter to anticipate in the circumstances and the company had given it very serious consideration before it introduced this Bill. We certainly knew that we would have to face it and we gave the matter very considerable consideration.

The result of that consideration has been that we suggest to this Committee that they carefully consider the advisability of including amendments. The first one is as follows:

Until through navigation is established from the navigable waters of the Georgian Bay to a point on the River St. Lawrence at or near the city of Montreal, all the revenues of the company derived from falls or heads for water-powers and otherwise shall be devoted exclusively, after service and payment of charges on the company's debts and the maintenance and operation of company's works, to the completion of the works hereby authorized.

Mr. Chairman, that suggested amendment means that by no method can the company make one dollar of profit for either its shareholders or its promoters until the Georgian Bay Canal is completed, and until the people of Canada have that water-way at their disposal.

MR. YOUNG (Toronto-North East): In a financial deal of this size, is there not a tremendous amount of money to be made out of the mere handling of the bonds or the securities of the company?

MR. SIFTON: I should think, sir, if we were a banking house and engaged in that business.

MR. YOUNG (Toronto-North East): Is there not a large amount of money to be made out of that?

MR. SIFTON: That depends entirely upon the price at which the company sells the securities to the banking house. No banking house distributes securities without payment. I understand even the Government has been in the habit of paying commissions to bond houses for the distribution of its securities. That is not a company profit, and so far as the present directors, or shareholders, or promoters are concerned, we are not in the bond business, we do not sell securities and we would not participate to the slightest degree in such a profit.

MR. POULIOT: What price was paid to the previous company before you took over the charter?

MR. SIFTON: That has just been answered. We became associated with the original holders and we owe them nothing and we have paid them nothing.

MR. POULIOT: The profit would be greater?

MR. SIFTON: There is no profit.

The second amendment which we would suggest is that a clause, which now appears in the Bank Act, which was in the Bank Act of 1913 and is now in the Bank Act of 1923, a clause under which the chartered banks of Canada have been kept under exclusive Canadian control, and which has been found

in practice to be efficient for that purpose, should be included in this charter. The wording of it is as follows:

A majority of the directors shall be natural born or naturalized subjects of His Majesty and domiciled in Canada.

The third suggested amendment is the one with regard to the export of power, as follows:

The exportation from the Dominion of Canada of any hydraulic, electric, or other kinds of power developed in connection with or for the purposes of the works hereby authorized is hereby prohibited.

This clause is self-explanatory. It would constitute a statutory prohibition, which, in respect to this company would remove authority from the Governor in Council to authorize export permits. It has been declared, I understand, as a matter of public interest that no permits for export should be granted. This would really make it statutory.

Those three amendments, I submit, answer every public objection to the charter, except only the argument for public ownership, which has already been referred to.

There have been many objections not based on fact, but based on a misunderstanding of the charter, but I do not think it is practicable to go through the whole list and deal with them.

As regards the so-called provincial rights, the company takes the position that it agrees with the stated opinion of the Minister of Justice as regards the law. In the second place we base our position on the practice of the Department of Railways and Canals ever since Confederation, as stated by the Minister of that Department in the debate on this Bill in the House.

The charter, with these amendments added, is really a very simple document. It is a canal charter, and the company is a canal company. The principal object of the company is found in its present form in Clause 1 of the Act of 1910. That clause is as follows:

To lay out, construct, maintain and operate a canal or canals from a point on the river St. Lawrence at or near the city of Montreal by way of the Ottawa River, Mattawa River, Lake Talon, Turtle Lake, Trout Lake, Lake Nipissing and the French River, or any of the branches or tributaries, with such deflections from the general course of the said rivers, their branches or tributaries, as may be necessary to overcome obstacles to navigation, to the navigable waters of the Georgian Bay.

Now, stripped of its terms as to route, this is a very simple clause. It is:

To lay out, construct, maintain and operate a canal or canals from a point on the river St. Lawrence to Georgian Bay.

I submit that the words "or canals" clearly mean that the company cannot select any small section between those points at which to build short canals. The authority is to create a continuous waterway from Montreal to Georgian Bay.

I wish to state now, categorically, that the company has not now and, since the passing of that section, never has had, either the legal authority or the intention to construct anything short of a through waterway.

AN HON. MEMBER: Is the depth of the canal provided there?

MR. SIFTON: It is not provided in the charter but it is provided for on the plans which were filed with the Government. The lock sites on those plans are, twenty-four feet over the sills, 650 feet long, and 65 feet wide. This would give passage for any normal boat of ten thousand tons. I am informed by shipping men that specially constructed boats, for instance, to operate in the coal trade from Nova Scotia up the canal, and built for that trade, could be constructed so that they could carry 1,500 tons through the canal.

[Mr. Wynne Sifton.]

Every other authority in the charter is definitely ancillary to and subsidiary to this main object to create a continuous waterway. It is perfectly clear legally that the company was not created with two objects. It did not have two heads. It has been mistakenly stated many times that that was the fact. It was, on the contrary, created with one main object, the canal, and a number of subsidiary authorities, amongst which is power, but all of them only to be utilized in connection with and for the purposes of the canal. There are a large number of them, designed to authorize and regulate the many activities inherent in such a large enterprise.

The most inherent authority, of course, is the power clause, and that is contained only in one clause in this Act. It is Section 5 of the Act of 1912, and is as follows:

To produce, lease and supply, or otherwise dispose of surplus hydraulic, electric and other kinds of power developed in connection with and for the purposes of the works hereby authorized, the rates or prices at or for which such hydraulic and electric power may be disposed of by the company to be fixed or determined by the Board of Railway Commissioners for Canada in accordance with Section 360A of the Railway Act.

This is the clause which has caused most of the discussion and most of the objection.

It is perfectly clear that on a river such as the Ottawa the navigation and creation of heads of water from which power results are so physically intermixed that they cannot be separated.

I would like to ask Sir George Perley, if he is here, how they could be separated, since the question was asked him in the House?

SIR GEORGE PERLEY: If you call on me, I would say that I would treat it as being a fairly simple engineering problem. Take the Chaudiere Falls: these falls are already developed. If you are going to build a canal you have got to build it with the power already being developed in the hands of private interests.

MR. SIFTON: At this particular site we would go around it.

SIR GEORGE PERLEY: If you are able to build a canal here at Ottawa when the power is being developed by private interests—

MR. SIFTON: At this particular site it could be done, because the location goes around it.

SIR GEORGE PERLEY: They could be separated in any site without too much trouble.

MR. SIFTON: But the dam must be built to raise the level, that is, the power dam; it is the same dam, the same lump of concrete that creates the water power.

SIR GEORGE PERLEY: The fact of your arguing that you are able to go around the Chaudiere Falls demonstrates that you yourself believe that the power development and the canal development can be separated.

MR. SIFTON: In the case of the Chaudiere, the whole head is not developed. We would have to build another dam and develop more power at the Chaudiere, which is not developed at the present time, in order to get around it.

SIR GEORGE PERLEY: You might do the same at the others?

MR. SIFTON: The whole head is not there without putting in the dam which produces the head of water.

SIR GEORGE PERLEY: Certainly not, you must put up the dam.

MR. SIFTON: That is my statement.

SIR GEORGE PERLEY: But you asked me to separate the powers from the canal development.

[Mr. Wynne Sifton.]

Mr. SIFTON: That is my statement, Sir.

You cannot improve navigation from Montreal to the Georgian Bay without building dams. These dams result in heads of water being produced, and therefore create a source of water. If you have no heads of water you have no canal; if you have heads of water, you have power. This has been the case ever since Confederation in regard to canals created by the Department of Railways and Canals. No dam can be built for power which does not affect navigation, and no dam can be built for navigation which does not create power. The navigation interests must control such heads of water to protect navigation. The Dominion interests in navigation is paramount. If the man at the sluices on these dams, whether you call it a power dam or call it a navigation dam, is not under the control of the navigation company, he cannot protect his level.

As a subsidiary, an ancillary authority, therefore, the company was given authority to produce power from such heads of water which the company must necessarily create. The main authority to create a waterway involves as a necessary and unavoidable part, the subsidiary necessity and authority to develop power, just as much as the authority to run a locomotive involves the authority to burn coal under its boilers. And as power must be produced, so it must be disposed of for use and not wasted, hence the unavoidable authority to sell power.

This granting of subsidiary authority to develop and sell power from heads of water necessarily created by the construction of a canal established is no new principle. It merely recognized an existing physical fact inherent in the construction of the canal and a practice which had been an ordinary routine procedure in the Department of Railways and Canals all through the years preceding the granting of this Charter to the Canal Company—a practice still in existence and unquestioned to-day.

The Minister of Railways and Canals stated this practice in the House of Commons on March 14, 1927, to be found on page 1261 of Unrevised Hansard, and his statement has not been questioned. May I read it?

All through the Province of Ontario and Quebec when the Department of Railways and Canals throughout the years has constructed canals, it has been the departmental practice to lease the water-power secured by the creation of every such head of water to anyone who might offer to lease it when it was available—

and further on—

Ever since water-power in any form has been used in the Provinces of Ontario and Quebec from the earliest days after Confederation, it has been the practice of the Department of Railways and Canals to lease to private parties or to public utility organizations the water-powers so obtained. Along the canals constructed by the Department, water-powers constructed by the Dominion have been disposed of—

I submit, Mr. Chairman, that nothing could be clearer than the Minister's statement. The Canal Company was given authority to construct a canal in place of the Government constructing the Canal.

The Canal Company was given subsidiary authority to sell the water-power created by the Canal, exactly as the Government would have sold it had the Government itself built the Canal. But the Canal Company, in addition, was not under the rigid control of the Railway Commission as to the price at which it should sell such power.

I submit that this regulation was new, and exceptional.

I submit that in all cases other than this Canal Company where the Government leases water-power from a Canal, it is not the practice to regulate the rates in the public interest. Very far from being in a favoured position, the Canal Company's authority contains an exception unfavourable to the company.

[Mr. Wynne Sifton.]

Thus, the physical necessities of creating a deep waterway from Montreal to the Great Lakes involves the simultaneous production and sale of power. No authority is possessed by the Company to develop horse-power except such as is automatically created in the improvement of navigation and only the surplus can be sold. Nothing else is possible. And Parliament has definitely safeguarded the public interest by providing that both the tolls on commerce using the canal and the price charged for power shall be controlled by the Railway Commission, which is the creature of Parliament. The Charter makes no attempt to allocate the extent to which the fixed charges shall be borne by users of navigation and by consumers of power, respectively. That is a matter of "High Policy" left open to be decided at a later date when the figures of actual, not estimated, cost and horse-power developed become available.

Under the Charter as it exists, Parliament can, after it has had full deliberation with the full facts and figures before it, instruct the Railway Commission to apply any principle it likes in so fixing rates.

(A.) It can instruct the Railway Commission to admit the most far-reaching claims of Ontario Hydro and the Power Trust and sell the power to Hydro and the Power Trust at a price representing fixed charges on the bare cost of the power itself, and making no charge whatsoever for the use of navigable waters belonging to the whole people of Canada and charge everything else in tolls on the commerce using the Canal. It could go further, and charge even the bare cost of the power to the Canal tolls and give the power to Ontario and Quebec for nothing.

(B.) Alternatively, Parliament could decide the other extreme, that users of power produced by navigable waters, the property of the Dominion should pay for that power a price which would give the use of the Canal to the nation free of tolls, or—

(C.) Parliament could instruct the Railway Commission on any basis of division of cost which it decided upon as fair and proper in the general interest of the public. •

These questions of policy have nothing to do with the Canal Company. This Charter leaves these great questions open for decision by Parliament. Neither the interests of the power consumer nor of the canal user are affected by the Charter, except that the Charter makes available power and navigation both of which are non-existent to-day.

Now the question of tolls has been raised in this discussion.

The CHAIRMAN: Gentlemen, I see that Mr. Sifton is going on to another point. It is now just upon one o'clock, and I do not anticipate that we will finish this question this morning. Possibly, we might adjourn at this point, if that is the wish of the Committee until to-morrow at 11 a.m.

The CHAIRMAN: Before we adjourn, gentlemen, there is a matter I wish to bring before the Committee. We have already decided to have the evidence printed, but there has been no suggestion, up to the present moment, as to the number of copies that shall be made. I suggest that we have 500 copies made in English, and 200 in French, if it is considered that that will meet the situation.

Some Hon. MEMBERS: Carried.

The Committee adjourned until Wednesday, April 6th, 1927, at 11 o'clock.

SESSION 1926-27
HOUSE OF COMMONS

SELECT STANDING COMMITTEE ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Bill No. 78—An Act Respecting the Montreal, Ottawa and
Georgian Bay Canal Company

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2—WEDNESDAY, APRIL 6, 1927

WITNESSES:

Mr. Winfield Sifton

Mr. J. A. Ritchie, counsel, Montreal, Ottawa and Georgian Bay Canal
Company

MINUTES OF PROCEEDINGS

WEDNESDAY, April 6, 1927.

The Committee met at 11 a.m., Mr. Young (Saskatoon), Acting Chairman, presiding.

Present: Messrs. Anderson (Halton), Anderson (Toronto-High Park), Arthurs, Bell (St. John-Albert), Bothwell, Bourgeois, Bowen, Bradette, Brown, Campbell, Cantley, Casgrain, Casselman, Charters, Cotnam, Delisle, Donnelly, Dubuc, Duff, Dunning, Edwards (Waterloo South), Embury, Evans, Fafard, Fansher (Lambton East), Fansher (Last Mountain), Fraser, Geary, Gershaw, Girouard, Glen, Gott, Hanson, Heaps, Hepburn, Hocken, Howard, Jelliff, Jones, Kay, Kennedy, Lacroix, Lanctot, Lapierre, Lavigueur, Lovie, Lucas, Macdonald (Kings), MacLaren, McLean (Melfort), Maloney, Matthews, Maybee, Millar, Milne, Parent, Perley (Sir George), Pettit, Price, Ross (Moose Jaw), Rowe, Sanderson, Simpson, Smith (Cumberland), Spence (Maple Creek), Spencer, Stewart (Leeds), Stirling, Sylvestre, Taylor, Totzke, Tummon, Vallance, Ward, White (Mount Royal), Wilson (Wentworth), Young (Saskatoon), Young (Toronto Northeast), Young (Weyburn)—79.

On motion of Mr. Bradette,—

Resolved.—That the Committee recommend to the House that the fees and charges on Bill No. 174, An Act to incorporate the Red Lake and Northwestern Railway Company, be refunded, less the cost of printing and translation.

MONTREAL, OTTAWA AND GEORGIAN BAY CANAL COMPANY

Bill No. 78—An Act respecting the Montreal, Ottawa and Georgian Bay Canal Company.

Preamble. Consideration resumed.

Mr. Winfield Sifton (incorrectly referred to in yesterday's printed proceedings as Mr. Wynne Sifton), was recalled, and was again heard by the Committee.

Witness retired.

By permission of the Committee, Mr. N. G. Guthrie, counsel for International Paper Company, stated that that company was not opposed to the passing of this Bill.

Mr. J. A. Ritchie, counsel for Montreal, Ottawa and Georgian Bay Canal Company, was called and heard.

Witness retired.

The Committee adjourned at 1 p.m. until to-morrow at 11 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 231,

HOUSE OF COMMONS,

WEDNESDAY, April 6th, 1927.

The Select Standing Committee on Railways, Canals and Telegraph Lines met at 11 a.m., Mr. Young (Saskatoon) presiding.

The CHAIRMAN: Mr. Sifton, will you proceed?

Mr. W. SIFTON: Mr. Chairman, yesterday morning I was dealing with the point of the principle as to the allocation between users of power and users of navigation, and the total cost of developing such a waterway as the Ottawa, river, and I was just pointing out that this charter in no way decides the question of principle, but it leaves it entirely a matter for Parliament to decide, and for the Railway Commission to apply, what principle shall apply in the case of this fixation of rates, what proportion the power shall be charged with, and what proportion the navigation shall be charged with. Under this charter, our company will create the asset; the asset will be there; there is a certain advantage in the use of power, and there is a certain advantage in the use of navigation facilities. What the proportion of the advantage between the two will be is left entirely to Parliament, and is not settled in this charter. There is another point which has been made quite a bit of, in connection with the discussion of this canal, and that is the suggestion that power is a new feature in this canal. The suggestion is that we have deliberately taken an old charter that had a subsidiary clause in it, more or less by accident, and attempted to expand the importance of this canal feature. Now, in that connection, I would like to read a short paragraph in the Georgian Bay Ship Canal survey prepared by the Public Works Department. It is found on page 291. The clause is this:—

These powers, by reason of the canal construction, and the storage created at the head waters, form one of the chief features in the building of the canal, and if properly administered, would ultimately, as industries would gradually be established, go a long way toward paying interest on the total cost of construction.

That is the government report, and it has been part and parcel of this proposition every time it has been before Parliament. There is nothing new about it in any way whatever.

Further down on the same page of the same report it says:—

By the plans for the waterway, the flow with the proposed storage, will be augmented at low water season, the number of available sites for powers increased, and in addition the navigation requires the construction of dams which are in themselves the most expensive part of the power development. But these dams in general are larger than a power company would undertake for development purposes only.

An Hon. MEMBER: What year is that?

Mr. SIFTON: 1908. I think that disposes of any suggestion that we have imported any new factors into this charter, or that the problems were altered in the slightest degree during the time it has been before Parliament. In this connection, the same problems, or another application of the same problem,

[Mr. Winfield Sifton.]

emerged in the consideration of the St. Lawrence deep waterway. There was a question submitted to the Joint Board—it is question number five of the submissions to the Joint Board of International Engineers, which is contained in the St. Lawrence Waterway Report of the Joint Board of Engineers appointed by the governments of the United States and Canada, 1926. On page 42, the following question appears:—

To what extent may water levels in the St. Lawrence River, at and below Montreal, as well as the river and lake generally, be affected by the execution of the project.

That is the project of the canalization of the St. Lawrence. The answer, as given in this report, is as follows:—

The irresponsible operation of the power works proposed by the Board, or indeed, of any power works, however designed, that develop fully the power resources of any section of the river, would affect injuriously the water levels in the St. Lawrence River at and below Montreal, but it is feasible to operate these works under government supervision in such manner that they will neither lower the summer levels in the lower river, nor raise the winter and spring levels. With such control, the improvements proposed will have no injurious effect whatever on the water levels of the St. Lawrence at and below Montreal.

Now, our company submits, gentlemen, that water levels in the harbour of Montreal, and in the lower St. Lawrence, depend partially upon the flow of the St. Lawrence river, and partially upon the flow of the Ottawa river. The waters are mixed; they join at the St. Lawrence, and it is the waters of the two rivers which maintain the levels in the harbour of Montreal, and the lower St. Lawrence. It is true the Ottawa river is but a small portion of the total, but in the ratio that the flow of the Ottawa river bears to the flow of the St. Lawrence, the same finding applies, and we submit that the finding of this Joint Board of Engineers means exactly what we have contended, and that is that you cannot develop the Ottawa river without injuring the water levels in the harbour of Montreal, and in the lower St. Lawrence, unless you develop the Ottawa river as one unit, and under one control, for the purposes of navigation, and subsidiary and auxiliary to that navigation, as it is in our charter.

In continuing the examination of the charter itself, as it now exists, I want to draw your attention for a moment to the expropriation clause now contained in clause five of the Act of 1906, which I would like to read:—

Section 43 of Chapter 103 of the Statutes of 1894 is hereby repealed, and the following is substituted therefor.

His Majesty, his heirs and successors, may, at any time assume the possession of and to the property in the said canal and works, and all and any of the rights, privileges and advantages of the company, on giving to the company one week's notice of intention to do so; thereupon the property in the said canal, works, rights, privileges, and advantages shall become, and thenceforward shall be vested in His Majesty, his heirs and successors.

Now, gentlemen, the important aspect in the expropriation clause is the terms upon which you can expropriate, and that was contained in the balance of the clause as follows:—

And by way of compensation, His Majesty shall pay to the company the value of the work actually done by the company, up to the time of the giving of such notice, of any survey, and the making of plans and otherwise, upon the ground, together with the value of all tangible property of the company, of which possession may be so taken, such value to be

fixed by three valuator, or a majority of them, one valuator to be chosen by His Majesty, another by the company, and a third by the two so chosen.

You will note that it definitely excludes any payment being made under this clause for vested interest, for unexpired construction, for future profits, etc. It is a very extraordinary clause; it restricts compensation to the actual property which is there, and the actual expenditure which has been incurred. Now, this clause means this. It means that the company, if it proceeds with its work, may always be taken over if and when a comprehensive scheme of public ownership is decided on.

The charter as a whole, containing this clause, means this. It means that at the moment the Dominion of Canada, not being prepared to go on with the canalization and development of the Ottawa river itself, permits a private corporation to do so under stringent control. But in doing so, Parliament by means of this clause leaves the door open so that at any time Parliament can re-enter into complete possession and ownership of rights, authorities and works without the payment of one penny of damages and by merely the reimbursement of actual audited out-of-pocket expenditure on actual work, which the government would in any event have to do for itself.

I submit, sir, that there are many objections which could be raised against that clause by the company, but I submit there can be no objections to it from the point of view of the public interest.

Perhaps, Mr. Chairman, it would make this point more clear to the members of the committee if this present clause is compared with the clause which it repealed. That was Section 43 of the original Act. The difference is found in the end of the clause, as follows: "And the arbitrators may, in such valuation, take into account the expenditures of the company, its property, and business of the canal and other works hereby authorized, and its past, present and prospective business, with interest from time to time on the investment thereof."

There has also, Mr. Chairman, been some criticism of Clause 1 of the present Bill No. 78 which must be read in conjunction with Section 43 as it now stands, and which I have just read. The part to which I refer is found at the end of Clause 1. The trouble with Clause 1, as I understand it, and the criticism of it, is that it is suggested that in that clause:

1. The company can go to work on this great waterway.
2. Anything it has not completed by the due date, it must leave undone, and its authority to build such uncompleted work lapses.
3. What it has built can be taken over by the government.
 - A. At any time.
 - B. On seven days' notice.
 - C. On payment of bare cost, with no damages whatsoever.

I submit, Mr. Chairman, that in these clauses we have established a principle in the public interest which is exceptional. Most certainly this charter does not alienate public assets in the ordinary sense of the word. I may be mistaken, but I do not think there is any such re-entry clause in the National Hydro lease of Carillon renewed as late as November last. That company's lease provides:

1. No through canal.
2. No re-entry or repossession clause and is alienation of the public domain in its accepted sense.

I submit to those members who have opposed this Bill on the grounds that it permanently alienated a portion of the public domain, that they consider these clauses carefully, and verify for themselves the fact that this charter does no such thing; verify the fact that, far from doing so, this charter is an exception to the ordinary rule, in that it is a temporary alienation subject to recovery at will, at bare cost, which no other charter or lease is, to my knowledge.

[Mr. Winfield Sifton.]

Now, Mr. Chairman, I wish to thank you and the members of the committee for the patient hearing you have given me on these involved matters of detail. Before I sit down, I would appreciate it if you would bear with me for a few moments to consider the broad fundamental factors which underlie this matter.

In the first place, I, in common with nearly everyone in this room, have since babyhood been fed with patriotic speeches about

- A. The illimitable resources of our country,
- B. The boundless natural assets of our country,
- C. The potential wealth of our country, etc., etc.

Mr. Chairman, natural resources, no matter how boundless, do not fructify by themselves. They require the services of labour and capital to develop and use them, before they can contribute one penny to the wealth, comfort, and happiness of the people of this country.

Mr. Chairman, the fundamental basis of the submission of this Bill to Parliament is that we be allowed to develop, with labour and capital and all the resources of modern science, one of the greatest of our natural resources, viz., the Ottawa River. We want to convert that natural resource, that potential asset, into a present asset, into the present income which results from development. It means income in the form of savings to all classes of the community. It means development which implies work at profitable rates for large numbers of the people of this country. It means all the benefits of the canal.

Mr. Chairman, I submit that this Ottawa River has been a potential asset long enough. If this Bill is rejected, I submit that the Ottawa River is in serious danger of becoming what my banking friends call a "frozen asset".

On the other hand, if we are permitted to go on, what is the position? In the first place, we are hedged about with what I submit are the most complete set of safeguards in the national interest that have ever been devised in this country. In the second place, we are in the position where we cannot make a dollar unless and until we first contribute to the development of Canada this canal which will be of such inestimable benefit. In the third place, even if we fail, the public interest in Canada cannot possibly suffer loss or detriment. Pass our plans and give us a fair chance to complete our works, and we will certainly have no claim whatsoever against anybody in case we fail to complete the work on time. If we fail, we cannot block the river. We cannot take the river away with us. We cannot do anything to the detriment of the public interest, and anything we do build will be that much done, that much development accomplished, and to the extent of the work done, that much contributed to the development and total of the national assets.

Mr. Chairman, in conclusion I wish to say, as my own opinion, that I believe that to any thinking man who studies this problem, to any thinking man who studies the problems of this great country, and considers the ameliorating effect which the cheap freight rates and economical access which would be afforded by this canal, to anyone who realizes what cheap transportation means, to anyone who knows what the development and use of power mean, to any such man it will be as it is to me.

I believe, Mr. Chairman, that the spectacle of this Ottawa valley undeveloped, of this canal route unopened, of this great Ottawa River running ceaselessly to waste, is a great national tragedy, which should be ended by immediate development.

Mr. DUFF: Before you leave, Mr. Sifton, it has been stated here that if the Georgian Bay Canal is built, a great deal of Nova Scotia coal will find its way to the head of the lakes. Can you give the committee any particulars which, in your opinion, would mean the substitution of Nova Scotia and Welsh coal for United States coal, and will you also say if it is a fact that the British Empire

Steel Corporation, which is interested in the development of our Nova Scotia mines, have written a letter stating that large quantities of coal will find their way as far west as the Great Lakes?

Mr. SIFTON: Well, sir, I am not a coal expert, but the company has taken what steps it could to get the best information obtainable on that subject, and I have in my hand a statement signed by Mr. Neate of the Dominion Fuel Board of the Department of the Interior, prepared by the Department of the Interior, which, with the permission of the Chairman, I would like to put in the record. This statement is the schedule of the amount of bituminous coal of similar quality to that which is supplied by Nova Scotia coal mines, which now finds its way to points along the route of the Georgian Bay Canal. It also shows the total cost of delivery to these various points along the canal, and the total saving or extra cost as the case may be, in putting Nova Scotia coal into the same places, to meet the existing market, when the canal is built. The actual estimated saving along the main points of the route of the canal shows that Nova Scotia coal can be put into the present market at Ottawa and Hull for \$1.01 per ton less than the existing cost of getting American coal here. I will put this statement in the record.

NOVA SCOTIA COAL
SAVING IN COST DELIVERED VIA GEORGIAN BAY CANAL

Delivery Port	Distance from Montreal	Time of transit from Montreal	Nova Scotia Coal				U.S.A. Coal				Total cost at delivery port via existing routes	Total saving or extra cost via G.B.C.	Estimated quantity per annum
			Cost at Montreal	Freight rate via G.B.C.	Total cost at delivery Port via G.B.C.	Cost at mine	Freight rate and duty via existing routes	Total cost at delivery port via existing routes					
									per ton	per ton			
	miles	hours	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	tons	
Montreal.	120	16	5 00	0 16	5 00	1 75	4 32	6 07	1 07	2,000,000			
Ottawa & Hull.	160	23	5 00	0 23	5 16	1 75	4 42	6 17	1 01	(1) 793,000			
Arnprior.	227	32	5 00	0 32	5 23	1 75	4 84	6 59	1 36	(1)			
Pembroke.	318	44	5 00	0 44	5 32	1 75	5 48	7 23	1 91	(1)			
Mattawa.	413	56	5 00	0 56	5 44	1 75	5 70	7 45	2 01	(2)			
Haileybury.	358	55	5 00	0 55	5 55	1 75	5 94	7 69	2 13	10,000			
North Bay.	440	66	5 00	0 66	5 55	1 75	4 99	6 74	1 19	(2) 925,000			
French River Village.	661	88	5 00	0 88	5 66	1 75	5 59	7 34	1 68	(2) 910,000			
Sault Ste. Marie.	934	113	5 00	1 13	6 13	1 75	3 15	4 90	E.C. 0 98	1,000,000			
Fort William.						1 75	3 15	4 90	E.C. 1 23				

(1) Included in Ottawa total.

(2) Included in North Bay total.

NOTE.—The estimated saving via G.B.C. is dependant only upon present rates. Establishment of a competitive rate would reduce same accordingly.

COMPARATIVE COSTS OF WELSH ANTHRACITE AT GEORGIAN BAY CANAL POINTS

Delivery Port	Distance from Montreal	Rate via G.B.C. from Montreal	Average U.S. anthracite market per annum	Retail price U.S. anthracite 1925	Assumed laid down cost Welsh anthracite based on present Montreal prices	Assumed retail price Welsh anthracite at destination	Total cost of U.S. anthracite to consumers	Estimated cost of replacing with Welsh anthracite	Estimated saving
		\$ cts.	tons	\$ cts.	\$ cts.	\$ cts.	\$	\$	\$
Ottawa.....	120	0 16	175,000	16 21	14 66	18 66	2,836,750	2,472,400	364,350
North Bay.....	358	0 55	25,000	17 00	15 05	19 05	425,000	361,000	64,000
Sault Ste. Marie.....	661	0 88	15,000	16 50	15 38	19 38	247,500	220,560	26,940
Head of Lakes.....	934	1 13	75,000	17 30	15 63	19 63	1,297,500	1,117,800	179,700
Total.....			290,000						634,990

NOTE.—In estimating cost of replacing United States anthracite with Welsh anthracite, allowance has been made for heating efficiency of the two fuels. The basis taken was .8 tons of Welsh anthracite being equal to 1 ton of American anthracite.

It should be noted that the supply of British anthracite available for the Canadian market is limited. It is not considered that more than 600,000 tons would be available in any year. The Montreal market as a rule absorbs nearly all of the coal importations from Great Britain.

Mr. SIFTON: The smallest saving in cost in actually delivering Nova Scotia coal to any point along the route of the Canal is \$1.01 at Ottawa.

I believe the General Traffic Manager of the British Empire Steel Corporation is available in Ottawa to-day. He is an expert on these points and I would suggest that the Committee hear him in detail.

Mr. EVANS: What value do you think these figures have in reference to the fact that we put a bill through Parliament paying \$1 a ton to bring Nova Scotia coal as far as Montreal, for coking purposes, and that \$1 per ton is about 25 per cent of the value of it laid down in Montreal?

Mr. SIFTON: I am not a coal expert. I have submitted figures prepared by the Government, not by our company. The coal expert of the British Empire Steel Corporation is here and I think the question should be answered by him.

Mr. EVANS: You must have fixed tolls.

Mr. SIFTON: We cannot fix those; the Railway Commission fix the tolls. This is the gross saving from which must be deducted any tolls charged by the Canal.

Mr. ANDERSON (High Park): The tolls would depend on the cost of the undertaking?

Mr. SIFTON: They would depend on the cost of the undertaking and depend on the principle adopted by Parliament on the allocation of fixed charges.

Mr. ANDERSON (High Park): You could not be asked to carry it at less than what it was worth?

Mr. SIFTON: No. I do not think so. On the other hand we could not afford to put our tolls up to such an extent that we would not get the traffic. We have to have the traffic.

Mr. GLEN: When this matter was before the House, and discussion took place, there was a great deal made of the question of what was public ownership. A good many exceptions were taken upon the fact that this might be reducing public ownership. I took the position, along with many others, that this is different, and I would like to ask Mr. Sifton, before he sits down, what the difference is in the question of public ownership, so far as the province of Ontario is concerned—and I might say that I will ask this question also of the province—is there if the Ontario Hydro purchases power from the Canal Company, as you propose, and what difference there is in their purchasing it from the Gatineau Power Company, and also if they purchase it, as I believe they propose to do, from the Carillon Falls?

Mr. SIFTON: According to the public report, the Ontario Hydro Commission contracted with the Gatineau Power Company for a definite period of years, thirty years I believe, and so far as I have seen the report—I have never seen the contract—but so far as I have seen the report I have seen no statement that the Ontario Hydro Commission have a right to renew that power and to acquire that power for any longer period than thirty years at the same price they are getting it for to-day. Now, according to a report in the Toronto Telegram, which was read into the records by Mr. Woodsworth, I believe, they estimate that the price which the Ontario Hydro pays for power to the Gatineau Power Company will enable that private company to pay their sinking fund, so that the whole cost of that power installation will have been paid for by the power users in the Province of Ontario upon the expiration of that contract in thirty years' time. That private company will be in possession of a plant paid for by the province of Ontario. The plant is outside of Ontario and not under the control of the Legislature of the province of Ontario; it is in Quebec and Ontario has nothing to do with it. They have got away with the

plant and can either refuse to sell power after the thirty years to the province of Ontario, or they can double the price. There is no protection whatsoever for the people of Ontario. Now, compare that with the situation of buying power from the canal? They apply to the Railway Commission and the Railway Commission fixes the price, and the terms of the contract under which they buy power from the canal company. They always have the protection of the Railway Commission with regard to the price they pay for that power, and they can get an order from the Railway Commission to make that supply of power from the canal company permanent, perpetual and forever. It fixes the price without any possibility of ever being held up.

I submit, Mr. Glen, that that is the fundamental difference; it goes right to the root of the whole problem of permanent supply. I think the same thing applies to the suggestion of buying power at the Carillon. I think it was Mr. Bennett who stated in the House, as I understand him, that Mr. McGrath was here and was a party to the extension of this lease at Carillon, and he drew the inference from that that the Ontario Hydro were quite satisfied with this lease; were quite satisfied that private interests should develop the whole of the river at the Carillon site and quite satisfied to buy power, as I understand it, on similar terms, which would result in exactly the same thing, as I have just suggested that the Gatineau Power contract will eventually result in. I have not seen the contract; I am referring to the interpretation by the Toronto Telegram.

Mr. GLEN: There is no doubt that the province of Ontario are purchasing from this private company, the Gatineau Power Company, their power at the present time?

Mr. SIFTON: I have not seen the contract, Mr. Glen. I believe the Ontario Government is represented here, and I believe the Ontario Hydro is represented here, and they are in a position to answer that question definitely. I have never seen any such contract, I merely know what the newspapers say.

Mr. YOUNG (Weyburn): Both your brother and yourself have made the statement that the water-powers of this canal rightly belong to the public. I would like to ask you, and ask the Committee to consider, this question: To what public do they belong? Take the Carillon Power Company for example; does that belong to the people living within, say, a radius of ten miles of the Carillon, or does it belong, as your brother said yesterday, to those living within transmission distance, or does it belong to the whole people of Canada? That is a question that is going to be of more and more importance as times goes on. If you look at Northern Manitoba and Saskatchewan you will find vast water-powers with nobody living anywhere near them, and some day there is going to be a demand for this power in excess of the supply. The question is, who is going to be entitled to that, in your opinion, and also I would like the Committee to consider this: how are the people who are entitled to the benefit of that power to be assured that each will receive his share? How are we going to be assured that, say, the city of Toronto is not going to get more than its share of the power available in Ontario? How are we going to be assured that the city of Winnipeg is not going to get all the power within one hundred miles, to the detriment of all the other smaller settlements? That is a question I think we should settle clearly in our minds.

Mr. SIFTON: That is a question that the members of Parliament are elected to decide. On the other hand, it is a problem to which our company has given considerable attention. It raises the big question, as you say, of public policy. So far as our company is concerned, we have no authority to transmit power long distances from power sites. We can sell the power wholesale, under order of the Railway Commission, at what they call the buss bar; at the power plant.

As the charter stands to-day, we cannot distribute the power; we cannot go into the business of the distribution of power in competition with either the Ontario Hydro or with the private company on the Quebec side of the river. But it does raise this question. Suppose, for instance, that we develop power at the Chats Falls. The town of Brockville is about 65 or 70 miles away from the Chats Falls. The city of Toronto wants power from the Chats Falls, which is three times as far away. If a manufacturer in Brockville wants some large power, does he have to move his plant up to Toronto in order to get it, or is he just as fairly entitled to say, "I have a right to have power; I live closer than Toronto." But, Mr. Young, that is not a matter for this company, that is a matter for Parliament. It does not affect the charter; nothing in the charter makes any ruling in regard to that problem, it is left quite open.

Mr. YOUNG (Weyburn): One other question. Is it true, as the Minister of Railways stated, that the Carillon Falls is the real bone of contention to your interests?

Mr. SIFTON: Mr. Young, I do not think it is. I can see a lot more opposition to our charter than the National Hydro at Carillon, although I will say this; I think the primary opposition to our bill was the Carillon Falls having, as I understand, negotiations and some kind of understanding with the Ontario Hydro. That was the primary thing. There is no row about Chats Falls, for instance. There is not much row farther up the river where the market is farther away. I think to this extent you could say that the company would agree there is a lot in that statement; that the leadership of the opposition, the driving power of the opposition came from the people who wanted something which was a small part of what would be controlled by our company in case this charter went through. I think that is a correct statement.

Hon. Mr. DUNNING: Mr. Sifton, could you finance and build the Georgian Bay Canal if the power at Carillon Falls was controlled by someone else?

Mr. SIFTON: That is a big problem. I discussed that particular question with the late Sir Adam Beck for about six months. There are many aspects in connection with it. I think it is possible that an arrangement might be worked out, but it would be an unbalanced arrangement.

Hon. Mr. DUNNING: It would be very difficult.

Mr. SIFTON: We would be flat up against the finding of the International Board, which says that an independent power company, no matter how it is operated independently, would operate to the detriment of the water levels in the harbour of Montreal and the lower St. Lawrence. I doubt if you could work it out on any basis which would be satisfactory to the levels in the harbour of Montreal.

Mr. YOUNG (Toronto, North East): Have you not got power under Section 17 of the Act to take over any section?

Mr. SIFTON: No difficulty whatsoever. I believe that as it stands at present, under that clause, if this charter is continued we could file expropriation notices with the Railway Commission and walk in and take possession and pay the compensation which the Railway Commission decides is the proper price for us to pay.

An Hon. MEMBER: You mean the Exchequer Court?

Mr. SIFTON: Yes.

Mr. WARD: In reference to this bone of contention, mention was made in the House, I think, by the sponsor of the Bill, of opposition on the part of the International Paper people against the passage of this legislation. Can you give to the Committee any reason why the International Paper people, a private corporation like yourselves, should oppose this Bill?

[Mr. Winfield Sifton.]

Mr. SIFTON: Well, Mr. Ward, we have had to give considerable attention to the position of other interests who might be opposed to us, or who might be on our side. I deprecate discussing the private affairs of other people, but you have asked that question. I am not a director of the International Paper Company and I do not know anything about their business, except what I see in the public press. As I see it, they have a big advantage to look forward to in the long run through this charter being extended and through the construction of the canal. On the other hand, they have a balancing disadvantage, and I think I can answer your question by giving you some grounds for making up your own minds with regard to the relative merits of the advantages and disadvantages from their point of view.

According to the press, they have about a million horse-power in this area on the north side of the Ottawa River stretching from above here down nearly to Montreal. As I understand it, the price at which they sell that power is entirely in their control. They own that power, and they develop it as they like and sell it to whom they like.

Mr. HANSON: Is it not controlled by the Public Utilities of Quebec?

Mr. SIFTON: I know of no control in the province of Quebec as to the price for which they sell their power. I was not aware of that fact.

If we build this canal, they would be in this position. We will have considerable cost in connection with canalization. For instance, as the Government report shows, we have to build bigger dams than would be necessary if it were purely a power project. Our capital cost per horse-power is bound to be higher than the capital cost per horse-power of the Gatineau Power Company, for instance, or any of the other subsidiaries of the International Paper Company. Now, when the Railway Commission find what our capital cost is, and find a fair price at which we can sell our power, that price is bound to be a little bit higher than if they were investigating similar cost on the part of the International Paper Company. So that the price in this market will be pegged at a price which is more profitable to them than it will be to us. I do not see why, in the long run, it would not be very much to their advantage. I think, if they are opposing it, it is a very short-sighted view for them to take.

Mr. HANSON: I think, in justice to the International Paper Company, it should be stated here publicly that they are not opposing this Bill; they are not interested in this one way or the other.

Hon. Mr. DUNNING: Mr. Hanson, can you speak with authority for the International Paper Company?

Mr. HANSON: I am not representing them, but in conversation with Mr. Graustein, he told me they were not opposing this Bill.

Mr. LAPIERRE: Will you tell the Committee whether you would be compelled under this charter to develop the 36,000 horse-power in the French River?

Mr. SIFTON: Yes, definitely; we would have to develop it and we would have to build a canal, and we could not make a dollar for the shareholders or the promoters, or anybody else, directly or indirectly, until we did it, until we had finished it and provided navigation right up the French River and had the power for sale to the people in that area.

Mr. SPENCE (Maple Creek): Do you think you can sell power as cheaply as the Hydro?

Mr. SIFTON: That is a very large question. I have been familiar with the estimates as to the cost of developing power for quite a while, and those estimates vary. I have seen the estimates as to the cost of power, previous to the building of Chippawa; what the power was actually going to cost to build Chippawa. I think the engineers of the Hydro, as I remember it, made differ-

[Mr. Winfield Sifton.]

ent estimates which varied from year to year, and I do not think that there is an engineer who could give you an exact answer to that statement.

Discussion followed.

Mr. PETTIT: What is the estimated toll per ton on coal through this canal from Montreal to the Georgian Bay, and to all the different points, as estimated by the company to be charged; also on wheat, the other way?

Mr. SIFTON: The question of tolls on canals is extremely complicated.

Mr. PETTIT: But surely you have estimated the toll that you are going to charge per ton on coal on that canal, having regard to the cost of the whole development; what is that estimate?

Mr. SIFTON: As a matter of fact, we have not estimated that. Tolls vary on classification in matters of this kind very much, as they do with regard to freight rates. I think I can find you an example of the variation in tolls charged. Take the Manchester Ship Canal, which is a canal right in the heart of free trade Lancashire, where practically every human being using that canal is a free trader of the purest type. They use this question of tolls as an indirect method of bargaining for tariff and trade advantages. The dues on the Manchester Ship canal are adjusted, and ships coming from countries which gave Great Britain favourable trade terms are given lower dues in passing through the Manchester Canal. Certain dues are agreed to with foreign countries; they are given lower dues in exchange for tariff advantages to the goods from Great Britain. They find that a most effective method. I think that is a matter which will have to be considered very carefully by the Railway Commission.

Mr. PETTIT: That is over in England; I am talking about right here in Ontario.

Mr. SIFTON: The same principles will apply.

Mr. PETTIT: Between Montreal and the Georgian Bay, where you are going to construct this canal; having regard to the cost of the whole undertaking, the company surely must have estimated the tolls they were going to charge per ton on coal going through that canal to the different points, and also on wheat going through this canal from Georgian Bay to Montreal?

Mr. SIFTON: As a matter of fact, we have not made any detailed estimate in that regard, for this reason; it is subject to the Railway Board.

Mr. PETTIT: What is the estimated toll on coal per ton, and also per bushel on wheat?

Mr. SIFTON: Before you can arrive at any such estimate, the Railway Commission will have to decide what proportion of the total development is properly chargeable against navigation, and what proportion is properly chargeable against power. Until the Railway Commission lay that down in a ruling no estimates of any value can be made, except this; that it is perfectly obvious that the toll on coal will be much less than the estimated savings in the cost of Nova Scotia coal laid down at any of these points along the Georgian Bay Canal.

Mr. PETTIT: If you have not made an estimate for the toll on coal, how could you give the figures on the saving per ton on coal delivered to different points along the canal?

Mr. SIFTON: I answered that a few moments ago, when I stated that it was a gross saving, subject to the deduction of the actual toll charged. In other words, coal can be put into the city of Ottawa, according to the Department of the Interior, for \$1.01 per ton gross less than the present cost of getting American coal of similar quality. From that \$1.01 would have to be deducted 25 cents, or 50 cents, whatever the toll was on that coal, leaving a net figure, or the net saving in delivering the coal here.

[Mr. Winfield Sifton.]

Mr. GEARY: Mr. Harry Sifton was asked as to the position of the company, as to the relationship of the present promoters with the shareholders of the company. I understood that you would be able to answer that question.

Mr. SIFTON: I have not got the list.

Mr. GEARY: I noticed from the brief that you were about to use, or that you used, I am not sure which, that £254,000 is the amount claimed by the shareholders.

Mr. SIFTON: That is quite right.

Mr. GEARY: I would like to know, if that claim were allowed, just what share of that the present promoters expect to get?

Mr. SIFTON: We do not expect to get a dollar of it.

Mr. GEARY: If you will give me the directors of the company I would be much obliged.

Mr. SIFTON: Under the Railway Act a carrier company is required to have a minimum of, I believe, nine directors. The directors are as follows: Senator N. A. Belcourt, myself, G. W. Volkman, H. C. Groves, H. B. Housser, Paul Ledue, K. B. MacLaren, E. R. McNeill, Senator G. V. White.

They all represent the majority interests which are in a large part English, associated with ourselves.

Mr. GEARY: You have no objection to giving us a list of the shareholders?

Mr. SIFTON: I have no objection whatever.

Mr. GEARY: Will you have that put in the record?

Mr. SIFTON: Yes, I will put a list of the shareholders in the record.

Mr. DONNELLY: I would like to ask you, Mr. Sifton, if you are aware that there is a private Bill pending, to build a ship canal from Cornwall to Montreal, and if that differs from the Georgian Bay Canal, and whether your company has any interest in it? Can you tell us what financial interests are back of that company?

Mr. SIFTON: I am not familiar with that charter, although I have read it over. As I glanced at it, there seemed to be certain points of similarity. In fact, I suspect that some of the clauses have been copied from our charter, but it has certain clauses which are radically different from ours. So far as the ownership of it goes, I have no certain information on that. I have heard a certain amount of gossip but I do not know whether it is sound or not. I have heard it rumoured that the Frontier Corporation, a subsidiary of the General Electric, and the Aluminum Company of New York, who have the Messina site—who own the riparian rights along the river at Messina—are interested in some way or another in this charter, but we have no interest in it in any way, shape, or form, directly or indirectly, and no one connected with our company has anything to do with it.

Mr. RYERSON: You have made the statement that you will produce power. Will that be in excess of the power which would be developed by other companies?

Mr. SIFTON: I did not make that statement; I read the report of the government engineers. The statement in the government report is this:

By the plans for the waterway, the flow with the proposed storage, will be augmented at low water season, the number of available sites for powers increased, and in addition the navigation requires the construction of dams which are in themselves the most expensive part of the power development. But these dams in general are larger than a power company would undertake for development purposes only.

[Mr. Winfield Sifton.]

Mr. RYERSON: In view of that statement, it would appear that the consumers of electric power would be taxed the difference.

Mr. SIFTON: Not necessarily; not necessarily. The Railway Commission could take this position—they could say “We will take the bases upon which we will charge power as the cost of that power after having deducted any excess cost due to larger dams, which are made necessary by navigation, but would not be necessary on account of the power.” That is a matter of high policy which Parliament will decide, and is not for us. Under the charter, there is no compulsion whatsoever that any additional cost would be charged to the power users.

Hon. Mr. DUNNING: Your company is entirely a private company, is it not?

Mr. SIFTON: Entirely.

Hon. Mr. DUNNING: And the National Hydro is also a private company, is it not?

Mr. SIFTON: So far as I understand; I do not know anything about their company except from the public reports.

Hon. Mr. DUNNING: The rates to be charged for power under your charter are controlled by the Railway Commission?

Mr. SIFTON: Absolutely; we cannot sell one horsepower to anybody until after we have an order from the Railway Commission, authorizing it, and authorizing the price.

Hon. Mr. DUNNING: Does such control exist with respect to the National Hydro?

Mr. SIFTON: I have read through the lease, and I understand the only way such control can be instituted is by a condition of the lease, and I cannot find that in their lease; I know of no such control.

Hon. Mr. DUNNING: Why is it regarded as an unrighteous thing, in regard to the principles of public ownership, for you to sell power to the Ontario Hydro Commission, and a perfectly righteous thing for the National Hydro to do the same thing?

Mr. SIFTON: I am afraid I cannot give political evidence in front of this committee.

Hon. Mr. DUNNING: I am trying to get at the public ownership aspect of the thing.

Mr. SIFTON: I can see no reason—

Mr. HANSON: That is very pretty team play.

Mr. SIFTON: In my opinion, the Hydro Electric organization in the province of Ontario, under this canal charter, and under the regulations of the Railway Commission, is in a very sound permanent position, more so than they could be under any arrangement with any private company, not so controlled, other than ourselves.

The CHAIRMAN: Are there any further questions to ask of Mr. Sifton?

Mr. GARDINER: Statements have been made in support of this Bill that by building this canal, the cost of shipping wheat from the head of the lakes to Montreal will be greatly reduced. In view of the recent statement you have made, will you explain that matter?

Mr. SIFTON: Well, the company took care to make that matter a matter of record. They sent a letter to all the members of the House, and they gave their argument in regard to it. We can call technical evidence, Mr. Gardiner, in support of that statement of the company. I would be pleased to read the statement into the record as an answer. That is the company's answer. Our view in regard to it is this:—

[Mr. Winfield Sifton.]

MONTREAL, OTTAWA AND GEORGIAN BAY CANAL FREIGHT RATES ON WHEAT
FROM FORT WILLIAM AND PORT ARTHUR TO MONTREAL VIA EXISTING
ROUTES AND VIA THE GEORGIAN BAY CANAL

Distances

Fort William-Port Arthur to Montreal:

Via Lake Erie and St. Lawrence River, 1216 Statute miles

Via the Georgian Bay Canal 934 Statute Miles

Saving in Distance via the Georgian

Bay Canal 282 Statute Miles

Note:—The above distances are as recorded on the charts of the Great Lakes and from the Georgian Bay Canal surveys.

Time of Transit

The average time of transit from Fort William-Port Arthur by the existing all water route to Montreal via Lake Erie and the St. Lawrence River is 150 hours, equal to 6 days 6 hours. This is a matter of record. During the season of navigation many vessels are making this through trip and 150 hours is their average time of transit. One instance may be given:—on 17th of July, 1923, the Edwin T. Douglas of the Eastern Steamship Company arrived in Montreal with the largest cargo of grain ever carried down up to that date, namely 93,187 bushels. The time of transit was 6 days 3 hours equal to 147 hours.

The time of transit from Fort William-Port Arthur to Montreal via the Georgian Bay Canal must necessarily be estimated but data available from existing conditions is so complete that such an estimate may be accepted as accurate for this route.

This time of transit is estimated at 113 hours which gives practically the same average rate of speed as on the existing all water route.

Average time of transit on existing all water route, 150 hours

Estimated average time of transit on Georgian Bay

Canal 113 hours

Saving in time of transit via the Georgian Bay

Canal 37 hours

Freight Rates

Ignoring the all rail route, grain is now carried from Fort William-Port Arthur to Montreal by the two following routes:

(a) The all water route via Lake Erie and St. Lawrence River.

(b) By lake to Georgian Bay Ports and rail from those ports to Montreal.

The report on the Grain Trade of Canada, issued by the Department of Trade and Commerce gives the following average freight rates on wheat from Fort William-Port Arthur to Montreal for the season of navigation of 1925 by the above two routes.

(a) All water route, 9.03 cents per bushel. .

(b) Lake and rail route, 11.80 cents per bushel.

What Will the Freight on Wheat be via The Georgian Bay Canal?

Grain via the Georgian Bay Canal will be carried in 10,000 ton lake vessels similar to those now operating on the Great Lakes:

The longest distance on which these vessels now operate from Fort William-Port Arthur is to Buffalo a distance of 863 miles with a time of transit of 3½ days or 84 hours.

The average freight on wheat from Fort William—Port Arthur to Buffalo in the season of navigation of 1925 as given in the Government Report already mentioned was 2.76 cents per bushel.

[Mr. Winfield Sifton.]

It is well known that "Time" is the main factor in fixing of rates and that by the same type of vessel the rate will vary directly as the time of transit. Therefore: If wheat can be carried from Fort William-Port Arthur to Buffalo in 84 hours for an average rate of 2.76 cents per bushel, then it can be carried to Montreal in 113 hours via the Montreal Ottawa and Georgian Bay Canal for 3.73 cents per bushel.

Therefore the saving in freight rate via the Georgian Bay Canal over existing routes will be:—

(a) All water route, 9.03 cents per bushel less 3.73, equals 5.30 cents per bushel.

(b) Lake and rail route 11.80 cents per bushel less 3.73, equals 8.07 cents per bushel.

The cost of operation and maintenance of the waterway, fixed charges, etc. will absorb part of this saving but it is estimated that the actual freight rate on wheat from Fort William—Port Arthur to Montreal via the Georgian Bay Canal will be at least 3 cents per bushel less than the lowest existing rate.

MR. PETTIT: Then you have estimated what toll per bushel will be charged by the company?

MR. SIFTON: No; we took an outside figure. We think in practice the saving will be considerably more than the three cents. Our estimated gross saving is 5.30 cents, less the toll. We estimate that, having paid the tolls, a conservative estimate would be three cents. We say that the tolls will not be more than three cents per bushel. As a matter of fact, I do not think the tolls will amount to one cent, but in making this estimate, we leaned toward the conservative side, and estimated the tolls at the highest possible figure.

MR. PETTIT: You know that the average rate on wheat per bushel, for the thirteen years down to and including the year 1925, has been one cent from the head of the lakes to Port Colborne lower than it was from the head of the lakes to any port on the Georgian Bay.

MR. SIFTON: I know a little about that; it is a question of return cargoes. The whole question of returned cargoes comes in there.

MR. PETTIT: You know that is so?

MR. SIFTON: Yes, I know that. I know there is a differential against Port Colborne.

MR. PETTIT: And you know that from Port Colborne to Montreal, by way of the Welland Canal, Lake Ontario, and the St. Lawrence river, the route is 70 miles shorter in distance than from Georgian Bay to Montreal via your canal.

MR. SIFTON: I do not know that. I have never worked out that figure.

MR. PETTIT: And in addition to that, you have the advantage of a long stretch of Lake Ontario, so that there is an advantage in the Welland Canal-Lake Ontario-St. Lawrence route, over the Georgian Bay Canal.

MR. SIFTON: We are not before Parliament to argue the relative merits of the St. Lawrence and the Georgian Bay. We hope both will be built. We think the country needs both, but what we say with regard to our canal is this; that the country would not have to pay a cent for our canal. We ask for no subvention, and there is nothing to come out of the Treasury, and certainly the western wheat man gets our estimated saving of three cents a bushel. If the St. Lawrence route takes our trade away, we have no objection, but the only way it can do it is to give the western wheat man a greater saving, but we will make certain that he gets a saving of three cents a bushel.

MR. PETTIT: And you say it will be cheaper to bring the grain through your canal, rather than via the other way?

[Mr. Winfield Sifton.]

Mr. SIFTON: I do not claim it will be cheaper to bring wheat through our canal than it would be to bring it through the St. Lawrence deep waterway, if, as and when constructed. I say there is an immediate saving of at least three cents per bushel over the existing rate.

Mr. HEAPS: You said the country would not have to pay a cent for the construction of the canal. Who will pay for that?

Mr. SIFTON: The people who use it and get the advantage of it.

Mr. HEAPS: Who will get the advantage of it?

Mr. SIFTON: Who pays for the C.P.R.? Is it not the man who buys a ticket and takes advantage of the facilities provided by the C.P.R., who pays for it? The same people will pay for the canal.

Mr. HEAPS: Are the tolls going to pay for the canal?

Mr. SIFTON: Certainly. The total construction is mixed up—the canal and power—and it is our opinion that they cannot be separated. The Railway Commission controls both the price of the power and the amount of the tolls, and Parliament controls the proportion in which these two shall be allocated as between power and canal tolls. The company does not. The total construction cost will be ascertained and it is felt that the total amount collected from tolls, and for power, will meet that cost.

Mr. HEAPS: That does not tally with your previous answer, where you stated that the users of that canal will pay for the canal, and now you say that the people who use the power will pay for the canal.

Mr. SIFTON: I think our position is quite clear.

Mr. HEAPS: Am I correct in assuming that the people who use the power will have to pay for the canal?

Mr. SIFTON: I have just answered that; it is on the record.

Mr. HEAPS: Am I right in my assumption?

Mr. SIFTON: I submit my answer is on the record.

The CHAIRMAN: That has been answered half a dozen times.

Mr. McLEAN (Melfort): Has the company any engineers here, who will be able to give us actual information about the physical features of the proposition? We have heard a lot of talk about the rights of the company, the rights of the provinces, tolls, duties, and a lot of entirely hypothetical questions. Can we have any information on the physical aspect of this question?

Mr. SIFTON: Mr. McLean, I suggest that if the committee want evidence on that question, they can get independent evidence from the Department of Public Works, who have had all the work on the Ottawa River under their control, by statute, since 1870, and who maintain a staff of engineers to take the flows and all physical conditions in regard to this area. They have experts in charge, and they have prepared this report and data, and so far as the company's constant negotiations with the Department for some years are concerned, they have given us grounds to arrive at the conclusion that we have never heard a suggestion from a responsible engineer appointed by the government that there was any substantial engineering difficulty which could not be overcome. I suggest, if there is any question you want to ask along that line, that you call these engineers.

Mr. ANDERSON (High Park): Is there any better evidence on the engineering features than is contained in that report of the Commission appointed in 1904, reported in 1908, and presented to Parliament in 1909? Is there any better evidence than that?

Mr. SIFTON: I don't think so.

Mr. ANDERSON (High Park): It is all there?

[Mr. Winfield Sifton.]

Mr. SIFTON: Our company prepared a very elaborate survey, detailed plans, and such like, previous to 1907. Mr. Wisner came over and conducted the investigation. The government said, in effect, "We have no independent means of making this investigation; we only have the ex-parte system of the statement of the Canal Company, as to this whole mass of survey; we will appoint our Commission to check those surveys and resurvey it for ourselves, and give us an independent report," so they took our surveys and everything which we proposed, and they took them as part of what they were investigating, and used them throughout the investigation by the government. They adopted a very substantial proportion of the plans and suggestions contained in our original survey, so that this government survey is really a survey of plans, and an investigation which has been checked twice, once by us, and rechecked and certified by the government, independently.

Mr. HANSON: Is that the Ellis Commission?

Mr. SIFTON: No, I am referring to the Public Works of Canada Report of the Georgian Bay Ship Canal of 1908—in five volumes.

Mr. MILLAR: Returning again to the grain rate question, Mr. Sifton, I would like to ask if the figures you gave—if those who presented those figures have taken fully into consideration the enormous handicap this route would be under in the carrying of freight having only a 24-foot depth, as against a 30-foot depth in the St. Lawrence. I have seen somewhere that a large boat, well loaded down, would require, I think, 80 tons to sink it another inch; that means 960 tons a foot. It seemed so enormous that I almost hesitate to give those figures, yet I am convinced that my memory is serving me right. Now, a 24-foot waterway would be at a very great disadvantage against a 30-foot waterway, and as you know, the tendency always is to have larger boats, rather than smaller.

Hon. Mr. DUNNING: The Joint Board of the St. Lawrence waterway has recommended a 25-foot waterway for the St. Lawrence.

Mr. MILLAR: On the Georgian Bay Canal?

Hon. Mr. DUNNING: No, the International waterway on the St. Lawrence.

Mr. MILLAR: Then there will only be the handicap of one foot.

Hon. Mr. DUNNING: If you are comparing these two, yes.

Mr. SIFTON: Our English shareholders—or some of them—are very closely affiliated with some of the largest shipping companies in the world, located in the city of London. I am not an expert shipping man myself, but I have heard them go into that question many times, and heard their views about it, and the view of the English shipping experts in regard to that is this, that up to about 10,000 tons there is a definite saving; as the unit gets larger the unit cost is decreased. Possibly of late years it has gone to something above 10,000 tons, but when you get substantially above 10,000 tons, far from a saving it means a loss, because the larger ships cost more in proportion to operate. That is certainly true when you get above 15,000 tons. You can find in the statistics of ships under construction now, as shown in Lloyd's Register, that by far the greater proportion are ships of 10,000 tons and under.

Mr. MILLAR: But 24 feet would be a disadvantage as against 25 or 26 feet?

Mr. SIFTON: No, I don't think so. If they will take the economic units, there is no disadvantage.

Mr. MILLAR: You do not contend that a 24-foot channel would take the larger ships carrying grain on the lakes?

Mr. SIFTON: It would take a 10,000 ton ship as it stands now. Let us take a 10,000 ton unit—I do not know the exact basis of the existing large unit—but a

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ship could certainly be constructed to fit the measurements of these locks and sills, so they would carry 15,000 tons through this canal.

Mr.-YOUNG (Weyburn): Can you give us any information as to whether the construction of this canal would make possible navigation between Ottawa and the mining camps of northern Ontario?

Mr. SIFTON: We submitted what were problematical factors in that connection. You will see on this map (indicating) sites, up to lake Temiskaming. In any event, we have to build a dam above the Mattawa River, where it leaves the Ottawa and goes toward lake Nipissing, to control the flow, and maintain the levels all the way down, and we have to control the flow of lake Temiskaming. There is a government dam up there now, and we submit that it would be wise for us to put in the necessary locks to get around the necessary dams we build, and the necessary locks to get around the government dam. If we do that, we could put a 10,000 ton steamer right up to the head of lake Temiskaming, almost into Rouyn, within 60 miles of Haileybury, and we could take the Nova Scotia coal right into the heart of the mining country, take the supplies in, and bring the ore out.

Mr. SPENCER: What do you say would be the cost of that?

Mr. SIFTON: As I said a moment ago with regard to the estimate of Chippawa, that is very problematical. The best estimate we can get so far is \$282,000,000.

Mr. HANSON: How will you finance that?

Mr. SIFTON: By bond issue as authorized under the Act. When we start to spend the money to do the construction, we will have a certain authority for a bond issue. I think it is \$175,000,000 now, under the charter, and if that should become exhausted, we would come to Ottawa, and ask Parliament to let us issue the additional capital. We are authorized for \$175,000,000 now.

Mr. HANSON: Would that not carry an assessment as a first charge on your tolls for a long period of time?

Mr. SIFTON: It would be the same as the Canadian National Railway bonds are a first charge on the Canadian National Railway. Ours will stand on all fours with a company of that kind.

Mr. HANSON: Would you not have to sell your power on long-term contract before you could pay that off?

Mr. SIFTON: I do not think so.

Mr. HANSON: What is your experience with hydro-electric companies issuing bonds?

Mr. SIFTON: They are getting more valuable all the time, and easier to sell. My own experience in regard to it is that a company which does not sell its power on long-term contracts, but has courage enough to feed it out in small lots, at high prices, will make more money in the long run.

Mr. MATTHEWS: Have you any intention of asking the Dominion government to guarantee the bonds?

Mr. SIFTON: Not any guarantee in the world; we do not want a subvention from anybody, or a guarantee from anybody.

Mr. ANDERSON (High Park): Is it not true that Sir Robert Perks made frequent applications for the guaranteeing of his bonds?

Mr. SIFTON: Yes.

Mr. ANDERSON (High Park): And it was refused?

Mr. SIFTON: He did. I will say that in 1911, if the evidence were actually submitted to this committee, when the change of government took place, at which time I believe the last formal application for a guarantee was made

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if anybody looked at the position as it was then, they would say that old Sir Robert, if anything, had a better chance of getting his guarantee than of not getting it.

Mr. ANDERSON (High Park): That is one of the reasons why he did not go on with the undertaking.

Mr. SIFTON: I do not know what his reasons were, but from our point of view, when he approached us with a view of getting us interested in this business, we stated our *sine quo non*, that we would have nothing to do with applications to Parliament for financial assistance, and unless the English group wiped that out of their heads, we would have nothing to do with it.

Mr. ANDERSON (High Park): And you will give your assurance that you will not ask for a guarantee, as Sir Robert Perks did?

Mr. SIFTON: I am not so sure that if he had gone about it in another way he would have obtained it. I think this was at the extreme tail end of the fashion for governments to guarantee transportation securities. It was going out of fashion just about that time. We will not ask for any guarantee.

Mr. HEAPS: How many horse-power do you expect to be developed, according to the interpretation of the charter?

Mr. SIFTON: According to the Public Works survey, which I think is as good an estimate as we can get, the exact figure is 761,880 electrical horse-power. That is the government estimate of the actual amount of power which is necessarily incidental and part and parcel of this canal project.

Mr. HEAPS: And you would have control of that power—

Mr. SIFTON: We would not have control. The Railway Commission controls it, and we would have to pay for it. We control the producing of it, and turning of it into use. They control how we sell it, and at what price.

Mr. HEAPS: There is also a granting of three million horse-power—

Mr. SIFTON: If you consider the statement I have just read from the Government report, the development of this power is part and parcel of the canal.

Mr. EVANS: Your brother made the statement yesterday that the directorate would always be Canadian. I would like to ask how you would provide for that?

Mr. SIFTON: Well, Mr. Evans, what he said was this; we suggested an amendment which would provide for a permanent Canadian control. You have the amendment in the Bank Act, which has been through Parliament many times, and which provides that the majority of the members of the Board of Directors shall be British subjects domiciled in Canada, either natural born or naturalized British subjects. The company suggests that that clause be applied to our charter.

Mr. ANDERSON (High Park): Is that not merely a bait held out to the people that this is a Canadian concern?

Mr. SIFTON: I do not think so.

Mr. ANDERSON (High Park): How are you going to control the shareholders of that company?

Mr. SIFTON: The control of the chartered banks has never been questioned. That is the only clause in that Bank Act which protects the chartered banks of Canada from being absorbed by large New York interests.

Mr. ANDERSON (High Park): But does it?

Mr. SIFTON: In my experience, it has done it. I know of large American banking interests who have considered the purchase of the control of Canadian banking institutions, but they have refused to go on with it on account of that clause.

[Mr. Winfield Sifton.]

Mr. ANDERSON (High Park): Is it not because the banks stocks are held very largely by Canadian people and they will not sell?

Mr. SIFTON: They refused to go on and absorb them as they came on the market.

Mr. ANDERSON (High Park): These directors could be simply "rubber stamp" directors?

Mr. SIFTON: Yes, they could, but my experience is this: you may get one or two Canadians who are willing to act as Guinea pig directors, as rubber stamps for American financial interests against the interests of their own country, but where you have got fifteen men that must be on that Board, you cannot get eight of them to sell out their own country for any foreigner; not a Canadian.

Hon. Mr. DUNNING: You gave some figures a little while ago about the estimated power potentiality, seven hundred thousand?

Mr. SIFTON: The total is 817,880, according to the Public Works Report, of which 56,000, I believe, is at the present time developed in the existing developments and wing dams, leaving a net of 761,880 horse-power.

Hon. Mr. DUNNING: Do these figures leave out of account existing developments, for instance, at the Chaudiere?

Mr. SIFTON: It is part of the 56,000.

Hon. Mr. DUNNING: Only 56,000?

Mr. SIFTON: As I understand it, yes.

Hon. Mr. DUNNING: Are those figures for 24-hour power?

Mr. SIFTON: I do not know. I am not a power expert and I could not tell you that. I do not know whether it is 24-hour power or not; I think it is on the 24-hour basis.

Hon. Mr. DUNNING: And 300,000 of that is at the Carillon?

Mr. SIFTON: I think in the schedule on which the 761,880 horse-power is estimated, they take in Carillon on the basis of 213,000 horse-power.

Mr. MATTHEWS: Is it not a fact that this proposition would be incapable of being financed except for the potential power?

Mr. SIFTON: I think it is in the same position, for instance, as a flour mill. Nobody could build and operate a flour mill if they did not make mill feed; it could not be done. In fact, I have seen large flour mills in the Dominion of Canada—I have had the honour to be the President of one of them at one time—I have seen flour mills operated for years with their mills set for mill feed and not set for flour.

Mr. MATTHEWS: I would like to know if, in your opinion, this would be capable of being financed apart from the sale of power?

Mr. SIFTON: I have never considered it. It cannot be separated any more than you could mill wheat and not make flour and mill feed. If you develop the Ottawa River you must develop navigation and power.

Mr. MATTHEWS: Do you believe that it could be financed purely as a navigation proposition?

Mr. SIFTON: If you cannot separate it, you cannot arrive at the figures.

Mr. HANSON: Why not be frank?

Mr. SIFTON: I do not attempt any such statement. You can make any statement you like but you cannot put it in my mouth. There is a record of what is being said and of who says it.

Mr. ROWE: Have you ever heard of a flour mill being successfully operated where the mill feed was worth more than the flour?

[Mr. Winfield Sifton.]

Mr. SIFTON: I have seen flour mills fail because the mill feed was not worth enough.

Mr. GARDINER: Going back to the tolls and rates on wheat; I understand you to state that these are governed by the Board of Railway Commissioners. You have stated that you expect to make a saving on every bushel of grain coming from the head of the Lakes to Montreal of approximately three cents a bushel?

Mr. SIFTON: I would say that three cents a bushel is the minimum figure over the existing rate.

Mr. GARDINER: And possibly higher?

Mr. SIFTON: Yes.

Mr. GARDINER: We will figure on three cents. In view of the fact that the Board of Railway Commissioners will control the rates, both insofar as power and tolls are concerned, how can you say that there will be a saving of three cents per bushel on grain going to Montreal?

Mr. SIFTON: I can say this: the Railway Commission is not going deliberately out of the way to put an absolutely outrageous toll on wheat. They are not going to allow us to pay one hundred per cent on our stock.

Mr. GARDINER: I am glad to see that you are so sure, because we have had some experience with the Board of Railway Commissioners and we have found, insofar as their judgment is concerned, that they might be altogether different from the opinion you have given. There is really nothing definite, insofar as this saving is concerned?

Mr. SIFTON: That is your statement, it is not mine.

Mr. HEPBURN: If you go on with this project and change the water levels on the Ottawa river, there is no doubt that a large number of interests using the water on this river will be affected? Now, what move will they have to take to get compensation; are they able to go to court?

Mr. SIFTON: We are under the Railway Act. They are in exactly the same position as anybody who is claiming compensation against a railroad. There is an established practice laid down under the law by which they can hold us responsible and get complete compensation for everything.

Mr. HANSON: Your profile shows that between Hawkesbury and Chaudiere you will raise the level to 140; is that correct?

Mr. SIFTON: I do not carry those figures in my head.

Mr. HANSON: I understand that it would raise the level of the river ten feet between Hawkesbury and Chaudiere. If that is so, it would greatly depreciate the value of the Chaudiere Falls, would it not?

Mr. SIFTON: I can answer that question without giving you the figures. We are allowed to raise such a head as will maintain a current of something like three miles per hour, and it will not back up any water whatsoever into the tail race of the Chaudiere plants, and to them no injury whatever.

Mr. HANSON: You make that definite statement?

Mr. SIFTON: I make that definite statement.

Mr. HANSON: Will your engineers substantiate it?

Mr. SIFTON: I think Mr. Graham Bell can substantiate that.

MAJOR BELL: That is quite right.

Hon. Mr. DUNNING: Your plans, in any case, would have to be approved by the Department. The question is, would the Department permit such a thing? That is the real question, Mr. Hanson.

MAJOR BELL: Neither the heads that they have nor the heads that the National Hydro will have, will affect the Chaudiere, but there is a proposed scheme that will affect it.

[Mr. Winfield Sifton.]

Mr. McLEAN (Melfort): I would like to ask Mr. Sifton, if it raised the water at the Chaudiere, would the interests of Canada suffer thereby?

Mr. SIFTON: That is a matter, Mr. McLean, you will have to ask the gentlemen who own the Chaudiere plant. I will say this with regard to the Chaudiere plant; very far from doing the Chaudiere plants any injury, the plans of the canal company, as shown here, show a dam about two miles above the Chaudiere plants, which we will have to build. The Chaudiere plants do not use the entire head of the river at that point. We are providing them free of charge with regulated storage; we increase their minimum flow, and make them a present of it, and we double the value of their property.

Mr. McLEAN (Melfort): Would it not be well to charge them for that?

Mr. SIFTON: I would like to. If you include it in the charter, I would be very pleased to have the authority.

The CHAIRMAN: Mr. Guthrie requests the opportunity of making a statement.

Mr. N. G. GUTHRIE: Needless to say, I appear here with great reluctance, but I could not allow certain statements to pass unchallenged. The International Paper Company, whom I officially represent here as counsel, will be before Parliament again. I do not want the members of this Committee and of the House of Commons, and the public, to get a wrong impression. I am sure that my friend Win. Sifton and his brother have made these statements under a misapprehension.

When the question first came up through Mr. Chevrier I took advantage of my old friendship with Mr. Fred Chevrier to assure him that the opposition of the International Paper Company to this Bill was an absolute myth. I represent them here, and when the matter was first discussed about eight or ten weeks ago I requested instructions, and I was informed by Mr. Graustein and Mr. Montgomery, that the International Paper Company desired to take no part whatever in this Bill. They have not, up to the present moment, opposed the Bill in any way, shape or form, and they are not now opposing it and have no intention of opposing it in the future.

I wish this to go on record so that these statements which have been made, as I have no doubt through a misapprehension of the facts, maybe set at rest once and for all time.

Hon. Mr. DUNNING: What are you going to do with the directors who oppose it?

Mr. GUTHRIE: The directors of the company, of course, have their own personal responsibility. I am speaking officially for the International paper company.

Mr. PARENT: Did you receive any instructions from the International Paper Company to favour the Bill?

Mr. GUTHRIE: No, I did not receive any instructions to favour it, but in the course of conversation an indication was given to me, along the lines which Mr. Win. Sifton suggests, that possibly if Parliament saw fit to grant the charter we would not feel very much displeased with it. If anything, we have no interest in the matter, but if we had any sympathy in the matter it perhaps leaned a little towards Mr. Sifton.

Mr. J. A. RITCHIE: Mr. Chairman, and gentlemen, I am speaking here as counsel for this company, a position which I have occupied for many years, almost from its inception.

There are aspects in this matter which I do not think have been brought before the Committee, and it is a matter that I think might interest you. It

[Mr. J. A. Ritchie.]

has to do with the original inception of this great project—the matter of good faith and national honour.

This veteran bill has been under rather heavy fire for some time. It has been spoken of as the granting of a charter, but the company is not asked for the granting of any charter because that charter was long since granted. It was granted under circumstances which seem to have been overlooked, it seems to me, in the discussions that have taken place. This bill was regarded as being quite innocent for many years, and probably it remained in that state of innocence until latterly when, for some reason or other, it has turned to iniquity, if one reads the newspapers and from what one hears spoken of it. Of course, we all know, or it is said that we are all born in sin, and I suppose it was born in sin. If it was born in sin it had rather respectable parents, and may I point out to you who they were

The original gentlemen who were the incorporators of this company were very respectable men. Most of them are now dead, but it might interest you to know who they were, since many of you are very young men and do not know much about those old days.

The first name is George Cox. He was once the Mayor of Ottawa.

The next is Mr. McLeod Stewart. He was the chief promoter who had the vision to see this great project and to urge its acceptance upon the people of Canada. He was Mayor of Ottawa also, and is now dead.

The next is Gordon Burleigh Pattee, with whom my friend, Sir George Perley was associated. He and his father were very well known lumbermen here. He is now deceased.

The next is Henry Kelly Egan. Sir Henry Egan was quite a respectable citizen of Ottawa; lately dead.

John W. McRae; a very well known citizen of Ottawa.

Thomas Birkett; once a member of this House.

Olivier Durocher; once Mayor of Ottawa.

Alexander MacLean; once Trade Commissioner in Japan for Canada.

Francis McDougall; now deceased, and who was once Mayor of Ottawa, father of Mr. Joseph McDougall, who represented Ottawa for some years in the Local Legislature.

John Charles Rogers; associated with Mr. MacLean as King's Printer.

Dennis Murphy; head of the Ottawa Transportation Company and a very well known citizen of Ottawa.

Charles Berkley Powell. This gentleman is also associated with my friend Sir George Perley in the firm of Perley and Pattee. He represented Ottawa in the Local Legislature also.

John E. Askwith; a very well known citizen of Ottawa, and who for many years was our Police Magistrate.

Hon. Francis Clemow; for many years a member of the Senate; now deceased.

Sir James Grant; then a member of Parliament. He was a very eminent physician and attended upon Her Royal Highness, Princess Louise.

Honore Robillard; Member of Parliament at that time.

Thomas Ahearn. Mr. Ahearn is a rather well known citizen, President of the Ottawa Electric Company, and Director of the Bank of Montreal and many other great institutions.

George Patrick Brophy; a well known man at that time.

Alexander Harvey Taylor; a well known man.

Peter Whelan; a very well known resident of Ottawa.

Richard Nagle; David Maclaren; William Scott; Joseph Kavanagh; Philip D. Ross. Mr. Ross was one of the chief proprietors of the Ottawa Journal newspaper.

Mr. EVANS: Have you the addresses of these gentlemen?

Mr. RITCHIE: Well, I cannot tell you of the exact addresses of those who are deceased, but you may be sure that it is either up or down.

Mr. Ross apparently thought well of this project in those days. Apparently, from reading his Journal, he has seen the light but where that emanates from I cannot say, but of course one can surmise.

Those gentlemen were all of Ottawa. Then there were certain people outside of Ottawa. There was Mr. William C. Edwards; then member of Parliament, and later Senator, of Rockland.

William T. Hodgins; then member of Parliament, of Hazledean.

Alexander Fraser of Westmeath; a very well known lumberman on the Ottawa River.

James Joseph O'Connor of Port Arthur; Arthur Joseph Martin; John Bryson; George H. Macdonnell; Hugh F. McLachlin and Claude McLachlin of Arnprior; and so on.

You see, if this measure was born in sin that it certainly had at the opening very respectable parents.

Perhaps in that day there was a touch of iniquity in the charter, although Parliament did not think so because in Clause G of Section 8, the company was then authorized;

To lay out and lease or otherwise dispose of water lots, and use, sell, lease or otherwise dispose of water brought by or for the said canals or works but not requisite for the same, and produce, lease and supply, or otherwise dispose of hydraulic, electric and other kinds of power in connection with the works hereby authorized.

You will see that the power that was then given this company was very wide. Under that I imagine that they could have gone into the power business to any extent they pleased; apart altogether from the canal. In 1912, the Ontario Government and the Hydro, headed by Sir Adam Beck, came down upon one occasion when we were applying for a renewal of the commencement clause in our charter, and after much discussion that was taken out of the charter. The clause has been read to you by Mr. Harry Sifton, but under that, that was the clause by which it was provided that only the surplus hydraulic, electric and other kinds of power developed in connection with and for the purposes of the works hereby authorized should be disposed by the company at rates or prices at or for which such hydraulic and electric power may be disposed of by the company to be fixed or determined by the Board of Railway Commissioners for Canada in accordance with the provisions of Section 360-A of the Railway Act.

This creature of Parliament then, I submit, became free from sin, and if there was any remaining vice left in it, surely the proposals which have been made by the Messrs. Sifton, as to the company not obtaining one dollar for those who are behind the company; that the shareholders in the company cannot obtain one dollar until the whole works are completed, surely it removes any possible vice that may remain in this venture.

The reason I have mentioned these very respectable names, and why I made the remarks about good faith and honour, is because on the faith of this charter the company authorized the late McLeod Stewart to proceed to London, the money market of the world, to obtain capital to further the project. He went there fully authorized on the faith of this charter passed by the parliament of Canada. He interested English capital, and the people that he interested in this matter were people of no mean estate. Amongst those who went into the project and formed the new Dominion syndicate, which is the company which has been reorganized, of which I, myself am a shareholder for some modest fee of my own, but which I apparently will not get until this canal

is completely finished—I will have to leave my emoluments to my heirs, administrators, executors and assigns, and by my heirs I do not mean heirs of my body, because I have not got any. These gentlemen who were interested, and who put up their money—I will speak of the money they put up later—were men like the late Sir Edward Thornton, who was formerly the British Minister at Washington. There was Sir Fletcher Moulton, then a very distinguished counsel, and afterwards Lord Moulton of the Court of Appeals of London, a very eminent man whose services, because of his knowledge of patents, was used by the British Government during the late war. He is now dead.

There was also Sir Robert Perks. He was a member of the very large contracting firm of C. H. Walker and Company. There was also Mr. C. H. Walker. This firm has been engaged in the construction of very large works all over the world. They constructed works at Buenos Aires, and very many other places.

These men were capable of carrying out this work if they had been given the opportunity of doing so, because this was a matter with which they had been connected all their lives.

SIR GEORGE PERLEY: You say that these men could have completed this if they had been given an opportunity to do so?

MR. RITCHIE: I think so.

SIR GEORGE PERLEY: I understand that they had ample opportunity. I would like you to explain what you mean by that.

MR. RITCHIE: The company has never been given an opportunity to build this canal, from the day it was thought the charter was passed until to-day, because we cannot turn a sod until the Government has approved our plans. In 1907 we filed our plans with the Government; from that day to this no Government has ever said, "your plans are all right," or "they are all wrong." Do you think it is fair to these people who have spent over two millions of dollars on the surveys of the levels and the collection of data connected with this thing, to allow our plans to lay there with this amount of money involved and never say, "your plans are rotten," or "your plans are all right." They do nothing and then accuse us of being in default. Surely, there is no justice or righteousness in that.

The Committee adjourned until 11.00 o'clock a.m. April 7th, 1927.



SESSION 1926-27
HOUSE OF COMMONS

SELECT STANDING COMMITTEE ON
RAILWAYS, CANALS AND TELEGRAPH LINES

Bill No. 78—An Act Respecting the Montreal, Ottawa and
Georgian Bay Canal Company

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3—THURSDAY, APRIL 7, 1927

WITNESSES:

Mr. J. A. Ritchie, counsel for Montreal, Ottawa and Georgian Bay Canal
Company

Major Bell, Deputy Minister of Railways and Canals

Colonel Arthur E. Dubuc, Chief Engineer, Department of Railways and
Canals

Mr. C. R. Coutlée, Engineer, Department of Public Works

MINUTES OF PROCEEDINGS

THURSDAY, April 7, 1927.

The Committee met at 11 a.m., Mr. Young (Saskatoon), Acting Chairman, presiding.

Present: Messrs. Anderson (Halton), Anderson (Toronto-High Park), Arthurs, Auger, Bell (St. Antoine), Bell (St. John-Albert), Bettez, Blatchford, Bothwell, Bourgeois, Bowen, Bradette, Brown, Cahan, Cantley, Casgrain, Casselman, Charters, Cotnam, Cowan, Donnelly, Dubuc, Duff, Dunning, Dussault, Edwards (Waterloo South), Embury, Esling, Evans, Fafard, Fansher (Lambton East), Fansher (Last Mountain), Fraser, Gardiner, Geary, Gershaw, Girouard, Glen, Goodison, Hanson, Harris, Heaps, Hepburn, Hocken, Howard, Howden, Jeliff, Jones, Kay, Kellner, Kennedy, Lacroix, Laflamme, Lanctot, Lavigne, Letellier, Lovie, Lucas, Luchkovich, MacDonald (Cape Breton South), Macdonald (Kings), MacLaren, MacLean (Prince), McIntosh, McKenzie, McLean (Melfort), McPhee, Maloney, Matthews, Maybee, Millar, Milne, Parent, Perley (Sir George), Pettit, Pouliot, Price, Rennie, Ross (Moose Jaw), Rowe, Ryerson, St. Pere, Sanderson, Simpson, Smith (Cumberland), Smith (Stormont), Spence (Maple Creek), Stevens, Stewart (Leeds), Stirling, Sylvestre, Taylor, Totzke, Tummon, Vallance, Ward, Wilson (Wentworth), Young (Saskatoon), Young (Toronto-Northeast), Young (Weyburn)—100.

Mr. Winfield Sifton filed a list of the stockholders of the Montreal, Ottawa and Georgian Bay Canal Company.

Mr. J. A. Ritchie, counsel for Montreal, Ottawa and Georgian Bay Canal Company, was recalled and again heard by the Committee.

Witness retired.

Major Bell, Deputy Minister of Railways and Canals, was called and examined.

Witness retired.

Colonel Arthur E. Dubuc, Chief Engineer, Department of Railways and Canals, was called and examined.

Witness retired.

The Committee took recess at 1 p.m.

The Committee resumed at 3.30 p.m.

Colonel Arthur E. Dubuc was recalled and further examined.

Witness retired.

Mr. C. R. Coutlee, Engineer, Department of Public Works, was called and examined.

Witness retired.

The question being put on the Preamble, it was negatived.

On motion of Mr. Sanderson:—

Resolved,—That the Committee report to the House that it would be contrary to the public interest to grant the prayer of the petitioners.

On motion of Mr. Parent:—

Resolved,—That the Committee recommend to the House that the fees and charges paid on Bill No. 78, An Act respecting the Montreal, Ottawa and Georgian Bay Canal Company, be refunded, less the cost of printing and translation.

The Committee adjourned at 4.55 p.m. until to-morrow at 11 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 231,

HOUSE OF COMMONS,

THURSDAY, April 7, 1927.

The Select Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock A.M., Mr. Young (Saskatoon), Acting Chairman, presiding.

The CHAIRMAN: Gentlemen, one of the members at the last meeting of the Committee asked Mr. Sifton for a list of the stockholders in this Montreal, Ottawa and Georgian Bay Canal Company. He agreed to supply that list, and he has handed it to me this morning. I will have it placed on the record.

" April 7th, 1927.

	Shares	
Great Lake Securities Corporation, Limited.	99,809	\$ 9,980,900
N. A. Belcourt.	20	2,000
H. C. Graves.	20	2,000
B. R. Hepburn.	20	2,000
H. B. Housser.	20	2,000
Paul Leduc.	20	2,000
K. F. MacLaren.	20	2,000
E. R. McNeil.	20	2,000
W. B. Sifton.	20	2,000
G. W. Volckman.	20	2,000
G. V. White.	20	2,000
	100,009	\$10,000,900

Ten per cent paid up in cash on all of these shares total \$1,000,090."

The CHAIRMAN: I will now call upon Mr. Ritchie.

J. A. RITCHIE recalled.

Mr. RITCHIE: Gentlemen, I have good news for you; I shall be very short. I wish to put on record the position of the Maritimes, when this canal is built; that is, from our point of view. (Reading):

1. It is axiomatic at the present time that one of the greatest problems which Canada, as a whole, has to face, is the economic condition of the Maritime Provinces and the consequent growing divergence of interest between them and the rest of Canada. The Dominion, as a whole, must find means to counteract the existing conditions and tendencies, and nothing could be more efficacious for this purpose than the construction of the Georgian Bay Canal.

2. *In industry, ore goes to coal.*—(1) The iron of Minnesota goes to Pittsburg where the ore is smelted, and there creates the industry, wealth and population of Pennsylvania, including Philadelphia, its ocean port;

[Mr. J. A. Ritchie.]

(2) Nickel from Sudbury, iron from Sweden and Newfoundland, tin from Malay States and complex metallic ores from all over the world go to South Wales, where the coal is mined, to be smelted, and there creates that vast industrial machine upon which so much of England's wealth, industry, commerce and population is based;

(3) Metallic ores from all over the world go to the Ruhr, to Belgium and to Northern France to be smelted because the coal is there, and the war and everything which has occurred since has made the size and importance of the industrial development in that area familiar to all.

And in all these cases, the mineral ores go to the particular places because the ore can be brought to the coal by water.

3. *Bearing in mind these salient facts.*—(1) The vast amounts of metallic ore of every kind which are being opened up and made available in our North Country:

(2) The Georgian Bay Canal will bring continuous deep-water navigation almost to mine-head.

(3) That of all coal mines, those of Nova Scotia are the closest and the most convenient, are in the same country and the cheapest to get to and from our mining country; it is clear that the construction of the Georgian Bay Canal will mean that inevitably a new South Wales, a new Ruhr, a new Pittsburg will develop in Cape Breton, with all that this implies.

(4) In considering the practical working out of the above effects of the Georgian Bay Canal on the position and future of the Maritime Provinces, a fundamental factor is the question of return cargoes for freight boats.

Nature abhors a vacuum, and in no particular instance is this more permanently true than in regard to freight cargoes.

Whenever a cargo route exists which requires and makes it profitable for ships to carry freight in one direction, freight of some kind, at some price, will develop in the other. Conversely, where profitable freight exists or can be created in both directions, nothing short of a complete naval blockade will stop it from being carried.

Now, when we come to apply these general fundamental rules to the particular problem which we are considering, what do we find? We find in Nova Scotia, coal and iron and steel products in any desired quantity, which require to be carried to market. And the market is in Central Canada along the route of the Georgian Bay Canal. Thus the westbound cargo is available. At the other end, we have metallic ores, which must go to coal, and wheat which must go to market. So the eastbound return cargo is available. On analysis, ships which carry coal and iron as far west as North Bay will carry ore back. Ships which carry coal as far west as Port Arthur will carry wheat back.

(5) It is just as cheap to tranship wheat at Halifax or Sydney as it is at Montreal or Quebec. It is just as cheap to mill wheat into flour at Halifax as it is at Montreal or Port Colborne. Halifax has great advantages in the export of flour to the West Indies and South America, where an established export market of 9,000,000 barrels per annum already exists. Because coal goes from South Wales to the Plate, wheat goes back from the Argentine to South Wales. Based on return cargoes, and nothing but return cargoes, Cardiff and Bristol are the greatest flour milling ports in Great Britain, and for exactly the same reason, the Georgian Bay Canal will make the Maritime Provinces one of the great flour milling and wheat exporting areas of Canada.

[Mr. J. A. Ritchie.]

(6) Thus with the construction of the Georgian Bay Canal, all the forces and tendencies which have worked against the Maritime Provinces in the last few years will be reversed or overcome. Instead of trade with the rest of Canada decreasing, it will increase. Instead of the Maritime's markets in the rest of Canada shrinking, they will be opened out and will grow. Instead of progressive industrial and economic decay, there will be development. Instead of the children of the Maritimes leaving to find employment elsewhere, they will stay at home and get rich and population will have to be augmented by large immigration to work in the growing industries.

(7) The fundamental economic interests of the Maritimes will approach closer and closer to those of the rest of Canada. Sectionalism in the Maritime Provinces will disappear. The problem of the Maritimes will be solved.

Mr. YOUNG (Weyburn): Who signed that?

Mr. RITCHIE: That is a statement made by myself as counsel, to be put into the record, but I may say that I did not prepare it, to be quite honest. If you will bear with me, so much has been said that I thought it would be advantageous to have a summary of the position that has been so far taken.

Mr. HANSON: Is the statement that you have just read the statement that was sent to members of Parliament some weeks ago?

Mr. RITCHIE: I cannot answer that. I certainly did not send it to them. However, it will be here in the record; it is being printed now, so the public at large will be able to obtain copies and so will be enlightened in reference to this great project, as to the position taken by the Maritimes. I am a Maritime man myself, and so I take some interest in the matter. I have prepared a short statement which I think it will be advantageous to put on record. It is the position of the company, summarized.

Montreal, Ottawa and Georgian Bay Canal Company

Primarily, we ask no money or guarantee of any kind whatsoever.

1. *Powers*.—(a) Construct and operate a deep draught, all-Canadian Canal.

(b) Develop and sell incidental hydro electric power.

2. *Safeguards*.—(a) Construction according to detailed plan which must be approved by the Government.

(b) Tolls for navigation to be set by Railway Commission.

(c) Price of power to be set by the Railway Commission.

(d) Government can take over works at any time on seven days notice, therefore, this work may be turned into a public ownership enterprise at any time when the people's representatives so desire.

(e) No possibility of profit to promoters until through navigation is established and after that only such reasonable profit as the Railway Commission shall from time to time allow.

3. *Provincial Rights*.—(a) All power must be marketed in Ontario and Quebec. (No other market).

(b) Provinces have undisputed control of distribution within their territory and may tax it on distribution if they so desire.

(c) Highly improbable that Provinces have any legal rights to interfere with canalization and development and sale of incidental power on the Ottawa River.

(d) The Ottawa River waterway belongs to all the provinces of the Dominion.

4. *Submission of the Canal Company.*—(a) The Company is not in default and is entitled in ordinary equity and by precedent to an extension of time.

(b) The Company is not opposed to public ownership in any way and should the Government choose, at any time, to develop this waterway the Company would be glad to co-operate and to facilitate the undertaking in every way.

(c) If the Government are not prepared to construct this waterway as a national enterprise then the Company submits that they should be enabled to proceed with a clear title.

The Renewal of this Charter will Result in the Building of the Canal.

The construction of the Georgian Bay Canal will (A) Connect the Great Lakes with the Atlantic by an All-Canadian Deep Waterway.

(B) It will be built by private enterprise and will not cost the public a cent;

(C) It will cause hundreds of millions of dollars to be spent in Canada immediately for actual construction work.

(D) It will create no new vested interest, but a competitive enterprise to the present monopoly;

(E) It will at one stroke build up Montreal from its existing position as one of the outlets for 7,000,000 people to being the ocean port for 40,000,000 people;

(F) You may imagine the enormous new shipping business in the Lower St. Lawrence, the improvement to Quebec City, Three Rivers, Sorel and all such towns;

(G) It will create hundreds of miles of new ocean harbour frontage in the heart of Canada;

(H) It will go a long way towards solving the freight rate problem for Winnipeg and the whole of the Middle West;

(I) It will reduce the freight on wheat from Port Arthur to Montreal by at least three cents and possibly as much as five cents a bushel;

(J) It will carry Nova Scotia coal as far west as Port Arthur in ships which will carry return cargoes of wheat for export from Maritime Ports and the Minerals of the north for smelting with Nova Scotia coal at Sydney;

(K) It will give cheap transportation to the mining belt and make the towns of Lake Temiskaming ocean ports;

(L) It will eliminate Buffalo as a point where Canadian Trade is bled for the benefit of the North Atlantic ports of the United States;

(M) It will make large supplies of hydro-electric energy available at low cost;

(N) It will contribute substantially to the solution of Ontario's coal problem;

(O) It will make Ontario and Quebec the greatest industrial and commercial area on the North American continent.

(P) Canada will forever own and hold the sole control of this great waterway.

Now, gentlemen, permit me a final word and I am through. You all know that we are not the only people on this continent. We have a great neighbour just next door, and it is perfectly apparent, from the newspapers, that they are greatly interested in the development of the St. Lawrence Waterway, and

[Mr. J. A. Ritchie.]

that very considerable pressure is now being put upon Canada to enter into negotiations with that great people—7,000,000 people with 110,000,000 people—to become partners in that great enterprise. I suggest to you that the mere existence of this Georgian Bay Canal Company as an organization is of value to Canada at the present time. I suggest that pending and during these negotiations, which must inevitably come, the Canal organization should be allowed to remain where it is, and that it will be of benefit to Canada that it should be so.

I thank you, Mr. Chairman and gentlemen, very much.

THE CHAIRMAN: Have the promoters of the Bill any further submissions to make?

MR. WINFIELD SIFTON: No, we have nothing more, Mr. Chairman.

HON. MR. DUNNING: Mr. Chairman, I would like to call Major Bell, the Deputy Minister of Railways and Canals, for the purpose of getting some information before the Committee with respect to the Ottawa River.

MAJOR BELL called.

HON. MR. DUNNING: Perhaps the Committee will permit me to open the questioning. Any other member can do as he wishes.

WITNESS: Mr. Chairman, yesterday, Mr. Hanson asked a question. He asked if the elevation, as I understood him, of 104 would affect the Chaudiere here. As a matter of fact, the question was, would an elevation of 140 affect it. My answer is that 140 will affect it.

MR. HANSON: To what extent?

MAJOR BELL: About ten feet.

MR. HANSON: That is, it will reduce the head of the Chaudiere by about 10 feet.

MAJOR BELL: Yes.

HON. MR. DUNNING: Major Bell, with respect to the statements made by the previous witnesses with regard to the submission from time to time of the plans of the Georgian Bay Company for approval, will you please describe to the Committee the relationship of the Department of Public Works, and the Department of Railways and Canals, to this matter and all that occurred with respect to the submission of plans.

MAJOR BELL: I can only answer as to our own Department.

HON. MR. DUNNING: It is a fact that the river is divided, is it not, Major? So far as the Department of Railways and Canals is concerned, is it not a fact that we are only concerned up as far as Ottawa to Montreal?

MAJOR BELL: As far as Ottawa, because the river is canalized up this far from the St. Lawrence.

MR. W. SIFTON: Is that ten foot reduction head at the Chaudiere merely applicable to a reduction in the low water head?

MAJOR BELL: Yes.

MR. W. SIFTON: It is correct to say that the permanent level established by the proposed Carillon dam would maintain the level at what is now the high water level?

MAJOR BELL: You had better ask those questions of the Engineering Department.

MR. W. SIFTON: It is not an all the year round reduction?

MAJOR BELL: No.

[Major Bell.]

Mr. W. SIFTON: It is a temporary reduction of the extra head which they acquired at low water periods?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: I wanted the committee to be clear that two Departments are interested. Will you make that clear, Major?

MAJOR BELL: The Department of Public Works made the original surveys for the Georgian Bay Canal. They were never put into effect; the canal was never built. The Department of Railways and Canals have a connection between Ottawa and the St. Lawrence by way of the Carillon-Grenville canal, and the Ste. Anne's locks, and for that reason any work that takes place between Ottawa and Montreal we are interested in, and plans had to be filed with both Departments. I may say that we never considered these plans seriously, because they were just ordinary plans, with a lock marked here and a dam some place else. I think we have one of the plans here.

Mr. W. SIFTON: Have you any record of having intimated to us that there should be any alterations, modifications, or additions made to these plans, before you would consider them as such?

MAJOR BELL: Personally, no, but I understand that a representative of the Georgian Bay Canal Company was told verbally.

Mr. W. SIFTON: By whom? What representative and told by whom?

MAJOR BELL: Mr. Volckman—

Mr. W. SIFTON: Who told him and when?

MAJOR BELL: In the Engineering Department—I think they can explain that.

Mr. W. SIFTON: You have no information on that?

MAJOR BELL: No. Here (indicating) is one plan which gives you an idea of what they did. They took an ordinary plan, and there is no detail on it at all.

Mr. CHEVRIER: Did you make any objection to the one they submitted?

MAJOR BELL: No; never paid any attention to it.

Mr. CHEVRIER: Why not?

MAJOR BELL: I did not think it was necessary; we did not think they were serious.

Mr. CHEVRIER: You did not think who was not serious?

MAJOR BELL: The promoters, when they filed the plan.

Mr. CHEVRIER: Did you ever tell them about it?

MAJOR BELL: No.

Mr. W. SIFTON: Major Bell, do you seriously suggest to this committee that when I was coming in weekly, or every two weeks, and interviewing the members of this government, the Cabinet Ministers, asking why our plans were not being passed, urging that they be passed, and asking what the trouble was—do you seriously suggest that you did not pay any attention to me, that the Department ignored me, and in these interviews, when I talked to them for an hour or an hour and a half at a time, that ordinary fairness was not given to me personally?

MAJOR BELL: Did you ever ask me—

Mr. W. SIFTON: I asked Mr. Dunning; I asked Dr. King, the Minister of Public Works at the time; I asked the Prime Minister. I was not referred to you.

Hon. Mr. DUNNING: Mr. Chairman, I think I ought to interject there that, so far as I personally am concerned, I always informed the promoters that my engineering advisors did not regard the plan as sufficient.

[Major Bell.]

Mr. CHEVRIER: Just on that point if the engineers did not regard them seriously, did they ever at any time communicate that information to the interested parties?

Major BELL: Not in writing—I believe not.

Mr. HANSON: How about the head—

Mr. CHEVRIER: Just a moment. I have the right to ask the question, as the committee has extended to me the courtesy of asking questions. Did the government at any time, in any manner whatsoever, ever intimate to this company that these plans were not being considered seriously?

Major BELL: I cannot tell you that; I can only answer for myself.

Mr. CHEVRIER: At all events, you did not communicate it?

Major BELL: No.

Mr. CHEVRIER: Do you know whether anybody else has?

Major BELL: No, except that I understand verbally it was intimated they were not satisfactory.

Mr. CHEVRIER: There is nothing in your Department to show that that was ever communicated?

Major BELL: Nothing in writing.

Hon. Mr. DUNNING: Were there or were there not conferences between our departmental engineers and the engineers representing the company?

Major BELL: I understand that, from time to time, the company's engineers were in. However, the chief engineer can confirm that.

Hon. Mr. DUNNING: We will call the chief engineer on that point.

Mr. CHEVRIER: Let us find out from someone who knows, and not create a false atmosphere here.

Mr. FANSHER (Last Mountain): Might I ask if the promoters furnishing these maps to the Department considered that these maps were complete?

Discussion followed.

Mr. HANSON: Regarding the head of the Chaudiere; under present conditions how long is the high water head maintained at the present time?

Major BELL: I suggest you ask that of the Engineering Department.

Hon. Mr. DUNNING: We will call the Chief Engineer, when Major Bell has finished. If there is no one else who desires to ask questions on that point, I would like you to give the committee some information regarding the existing leases on the Ottawa River, so far as those leases were granted by the Department of Railways and Canals. What leases are existent, granted by this Department only?

MAJOR BELL: Really, only one lease is in existence. That is the lease of 1921 at Carillon, and if that were to lapse on the 1st of May, then the old lease for 250 horse-power would be the only one remaining.

Hon. Mr. DUNNING: The 250 horse-power would be the only one remaining, providing the lease which expires on the first of May is allowed to lapse on that date?

MAJOR BELL: Yes, sir.

Hon. Mr. DUNNING: Regarding the 1921 lease, give the committee the information as to the date when that was executed.

MAJOR BELL: December 1st, 1921.

Hon. Mr. DUNNING: What were the terms of it, briefly? Summarize the terms.

[Major Bell.]

Mr. HANSON: What is the name of the lessee?

Hon. Mr. DUNNING: Mr. Hanson asks for the name of the lessee.

MAJOR BELL: The National Hydro Electric Company Limited.

Mr. McLEAN (Melfort): Major Bell, was that the first time that that lease was granted?

MAJOR BELL: In 1921, yes. 1911 was the original lease on that dam, but it was only for 250 horse-power.

Mr. McLEAN (Melfort): But this was the first one?

MAJOR BELL: That was the first one.

Mr. BROWN (Lisgar): Who were the lessees for the 250 horse-power?

MAJOR BELL: The same company.

Hon. Mr. DUNNING: Major Bell, in order that the committee may be clear on one point; the present works at Carillon were built by the Department of Railways and Canals, were they not?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: The head of water used under the 250 horse-power lease is the head of water developed from works created by the Department?

MAJOR BELL: Yes and are there at the present time.

Hon. Mr. DUNNING: And they are still there at the present time?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: That is in conformity is it not, with the general practice of the Department in the provinces of Ontario and Quebec?

MAJOR BELL: All over, sir.

Hon. Mr. DUNNING: That is to say, the Department builds the works for canal purposes, creates thereby a head of water which it leases for power purposes?

MAJOR BELL: In every case.

Hon. Mr. DUNNING: That is true all through Ontario and Quebec?

MAJOR BELL: That is true on the Weiland, the St. Lawrence, the Trent Valley, and all our canals.

Hon. Mr. DUNNING: Have representations been made at any time by either the province of Ontario or the province of Quebec that it is improper for the Dominion to dispose of power created by the erection of Dominion canal works?

MAJOR BELL: No, sir. On the Trent canal, they practically recognized the principle that we have the right, by leasing the power from us.

Hon. Mr. DUNNING: Power created by our own works?

MAJOR BELL: Power created by our own works, which would not have been available had we not built the canal.

Hon. Mr. DUNNING: I think it is important that the committee get information as to what the departmental practice has been.

Mr. ARTHURS: What is the total horse-power so sold—that is, leased to the Hydro or any other party?

Hon. Mr. DUNNING: You mean on the canals, Colonel Arthurs?

Mr. ARTHURS: Yes.

Hon. Mr. DUNNING: I may say that a return was tabled this session covering every lease. I do not know whether we have it here; possibly the Major may have, but if not, there is a return tabled, giving all the particulars.

MAJOR BELL: It is very hard to pick out the total horse-power, for in a great many cases the lease reads, "all surplus power," and a lump sum is named

[Major Bell.]

in other cases; so much per horse-power. We are gradually trying to get them on a basis where we charge so much per horse-power, but some of the old leases are still for the surplus water-power and a lump sum. So I cannot give you the total horse-power.

Subject to correction, the price on the Welland Canal is \$6 per horse-power; on the Trent Canal it is \$4; and on the St. Lawrence, \$6. There are a great many leases, some perpetual and some that have very long terms, and they have not been corrected. That is the charge we make, with the exception of municipalities, who gets about a third off.

MR. W. SIFTON: Do any of these Carillon leases, to your knowledge, provide for regulation by the Railway Commission, or any other authority under the control of the Parliament of Canada, of the prices at which these lessees who get this power are permitted to sell it to the public?

MAJOR BELL: No; as I remember, in the 1921 lease, it is not provided.

MR. W. SIFTON: Does the 1911 lease, the underlying lease, provide that?

MAJOR BELL: No.

MR. W. SIFTON: Can you tell me if any of these leases contain a clause such as is contained in the Georgian Bay Canal charter, under which the Government can re-enter into possession without the payment of any damages whatsoever?

MAJOR BELL: No, except at the end of the lease.

MR. W. SIFTON: Except at the end of the lease; but during the currency of the period there is no provision for re-entering?

MAJOR BELL: No.

MR. W. SIFTON: Is it the case that under the existing form of lease used by your Department, a company that comes along to you and leases the right to develop power by the payment of tolls, these lessees secure this power and any unearned increment in the value of that power; it is entirely in the hands of the lessee that pays the tolls?

MAJOR BELL: Naturally.

MR. W. SIFTON: He pays the tolls at a certain amount, and if it goes up in price he makes money?

MAJOR BELL: Yes.

HON. MR. DUNNING: I was referring to the principle which appears to be established since Confederation, according to your evidence, that when the Dominion, by canal works, create a head of water, whatever revenue accrues from that head of water is properly payable to the Dominion?

MAJOR BELL: That is quite correct; it has not been challenged.

HON. MR. DUNNING: No province has ever challenged that?

MAJOR BELL: The Hydro did for a time.

HON. MR. DUNNING: What Hydro?

MAJOR BELL: The Ontario Hydro.

HON. MR. DUNNING: The Ontario Hydro did for a time?

MAJOR BELL: As I remember it, they did not make any very formal protest, but they held back while they were looking into it, and they finally paid it.

HON. MR. DUNNING: They finally paid the rental?

MAJOR BELL: Yes.

HON. MR. DUNNING: To the Department of Railways and Canals?

MAJOR BELL: To the Department of Railways and Canals.

Hon. Mr. DUNNING: But in every other case, where such lease exists, the works have been constructed by the Dominion?

MAJOR BELL: Yes, or purchased; in some cases we have taken over works.

Hon. Mr. DUNNING: Taken over the existing works?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: With reference to this 1921 lease; my understanding is that the 1921 lease departed from that principle, in that it permitted the lessees to erect works for the creation of a head of water?

MAJOR BELL: Yes.

Hon. Mr. DUNNING: That 1921 lease, then, was the only case up to that date where the Department of Railways and Canals had entered into that kind of a lease?

MAJOR BELL: I do not know of another case.

Hon. Mr. DUNNING: No other case; in all other cases the Department itself created the works which produced the head of power?

MAJOR BELL: Correct, sir.

Hon. Mr. DUNNING: But in the 1921 lease—I asked you for the terms of it, when someone interrupted—there is a very important point of principle involved there.

MAJOR BELL: By this lease was demised: (a) The lands and rights demised by the first lease, that is, the lease of 1911. (b) Other lands, of approximately 1,900 acres, to be expropriated by the Crown. (c) The right to construct, et cetera, a new dam and use all the surplus water to elevation 120 at the new dam.

Mr. HANSON: What is the exact date of the 1911 lease?

MAJOR BELL: March 31, 1911.

Hon. Mr. DUNNING: That is not the lease under discussion, Major, it is the 1921 lease?

MAJOR BELL: It is the 1921 lease. The 1921 lease governs unless it is not renewed; in that case the 1911 lease is still in effect.

Hon. Mr. DUNNING: The point I am trying to get clear before the Committee is that the original 1911 lease—I want you to tell me if this is wrong—that the 1911 lease leased water created by works erected by the Dominion?

MAJOR BELL: That is correct, sir.

Hon. Mr. DUNNING: The 1921 lease enlarged and widened the scope of the 1911 lease, by allowing the lessees to build works of their own?

MAJOR BELL: That is correct, sir.

Hon. Mr. DUNNING: And that was, up to that time, the first occasion on which the Department of Railways and Canals had entered into a lease permitting the lessees to erect works, as distinct from using water created by the Department's works?

MAJOR BELL: That is the first time.

Mr. GEARY: The Department's works were all canals, were they?

Hon. Mr. DUNNING: Yes.

Mr. GEARY: Nothing but canals?

Hon. Mr. DUNNING: I am speaking of canalization.

Mr. PETTIT: What is the date of the lease?

MAJOR BELL: First December, 1921.

Mr. GEARY: Your point is that this Carillon lease was not a canal lease?

[Major Bell.]

Hon. Mr. DUNNING: No. I am trying to bring out the history of this development, both as between the Dominion and the provinces, and also as to departmental practice normally and the practice which was followed in this case. That is what I am trying to get before the Committee. There are two very important principles involved: One is, that the provinces have never contested the right of the Dominion to the revenue from water produced by the Dominion in canal works; and that is a very important point, I think. The second is, that this 1921 lease for the first time went beyond that principle, and permitted for the first time lessees from the Department of Railways and Canals to erect their own works and produce their own head of water.

Mr. GEARY: Without reference to a canal at all?

Hon. Mr. DUNNING: It has no reference to a canal, Major?

MAJOR BELL: Oh, yes. In building that dam they were bound to destroy our existing canal works, so they were to rebuild those canal works; that is, there was a lock that had to be built.

Mr. W. SIFTON: What size, may I ask?

MAJOR BELL: Nine foot.

Mr. W. SIFTON: They were to rebuild a nine foot canal in consideration of a dam across the river, constructed by the Government?

MAJOR BELL: No, they paid for the horse-power.

Mr. W. SIFTON: Plus the toll?

MAJOR BELL: Yes.

Mr. W. SIFTON: It was only a nine foot canal?

MAJOR BELL: At that time we did not think it worth while.

Hon. Mr. DUNNING: The 1921 lease permitted the lessee for the first time, so far as the Department of Railways and Canals were concerned, to erect their own works and create thereby a head of water?

MAJOR BELL: That is right.

Hon. Mr. DUNNING: Previous to that time, the Department had always erected the works and merely disposed of the surplus-water?

MAJOR BELL: That is correct.

Hon. Mr. DUNNING: And no province had ever objected, although you make the qualification that the Ontario Hydro looked into the matter, but finally decided to pay for the surplus water produced?

MAJOR BELL: I had better qualify that, Mr. Dunning; there always has been some objection. I do not know that we have felt that in our Department, but probably the Department of Justice has, as to just who has the control in certain rivers, whether it is the province or the Dominion. It is rather a fine question, but they have never directly, in my day, protested to our Department.

Mr. JELLIFF: May I ask the Minister, whether, owing to this change, and the construction of new works, the Dominion has the proprietary right in the new works?

Hon. Mr. DUNNING: Well, we have hardly reached that point yet. The Dominion's contention is that if the Dominion erects works for canalization, and thereby develops a head of water, the Dominion is entitled to the revenue from the head of water so created; that is the Dominion's contention. The Dominion, in creating a canal, is creating a service which is rendered free to the people; the power being the only source of revenue.

Mr. GEARY: The 1921 lease was a lease, according to your statement, of certain rights to develop a head of water?

Hon. Mr. DUNNING: Yes.

Mr. GEARY: The 1921 lease provided for the construction of a canal, and in the same document provided that the power developed through the construction of the canal should be demised?

MAJOR BELL: Possibly I had better explain.

Mr. GEARY: It is just a matter of the Department, at that point, making a lease of the power at the same time as it undertakes the construction of the canal?

MAJOR BELL: At the Carillon at the present time there is a lock which has a capacity of carrying a vessel with a nine foot draught. There is also a dam there which develops about 250 horse-power. We leased in 1911 that 250 horse-power to the National Hydro Company. In 1921 they came to us and they said, "We would like to develop that water-power at Carillon. We consider, by building a dam using the river here and all the way up to Ottawa for poundage, that we could develop a very attractive water-power. In doing that we will drown out your canal, and we want to sit down and bargain. We will rebuild that canal for you. We will pay you so much per horse-power or pay you a total amount." We sat down, and the result of the discussion was the 1921 lease.

Mr. BROWN: When you speak of drowning out that canal, that means that they simply agreed to make the changes necessary brought about by the larger canal?

MAJOR BELL: Yes.

Mr. BROWN: It did not create a canal of greater draught?

MAJOR BELL: No. In the past, when any water-powers were leased, we built the canal first. The purpose would be to canalize a river, and we would possibly have to put in a dam. By that dam there would be a water-power created, and we sold that water-power. In this case the dam was built for the purpose of developing water-power only, and they had to replace our lock.

Mr. BROWN: But my point is: was there a canal of any greater capacity created by this change?

MAJOR BELL: No. We did not think it was necessary at the time. If we did we should have had to change the lock below.

Mr. GEARY: Your construction of the transaction is that in 1921 the water-power by itself, so to speak, was leased?

MAJOR BELL: Yes.

Mr. GEARY: And that before 1921, the water-power developed by the canal and incident to the development or building of the canal, was leased?

MAJOR BELL: Yes.

Mr. GEARY: And this constitutes a change in your practice?

MAJOR BELL: That was the point the Minister wanted.

Mr. W. SIFTON: In regard to the statement which you have just made, I have in my hand here a copy of the Minute of the meeting of the Privy Council, approved by His Excellency the Governor General on the 26th August, 1926, and in that it refers to a lease of the 1st December, 1921, in the preamble of the Minute of the Privy Council, which states: "Which lease provided for the furnishing by the Company at no cost to the Government of greatly improved canal facilities in the Ottawa River."

MAJOR BELL: That is quite right.

Mr. W. SIFTON: What was the improvement, if it was simply replacing what they had drowned out?

[Major Bell.]

Major BELL: The dimensions of the old and new lock were two hundred by forty-five by nine feet.

Mr. W. SIFTON: Major Bell, you have an old lock down there which is pretty nearly played out and you get it completely replaced by a modern up to date lock.

Hon. Mr. DUNNING: I wonder if I could carry the Major on through these leases, Mr. Chairman.

Major BELL: And it cut off three locks at Grenville.

Mr. GEARY: There is no addition of water for canalization.

Major BELL: No, it cut off three locks.

Mr. HANSON: It would not allow any vessels of any larger draught.

Major BELL: No, there was no need to make a greater depth unless you were going further down and canalizing further below and carrying it up here.

An Hon. MEMBER: If we could only allow Mr. Bell to make the statement without asking too many questions.

The CHAIRMAN: Mr. Dunning is going to ask the Deputy Minister in regard to the practice of the Department. Afterwards, if anyone wishes to ask questions on that matter an opportunity will be given.

Mr. GEARY: It is useful to clean it up as we go along.

Hon. Mr. DUNNING: Up to now, I do not think it has cleaned it up; there is such a variety of questions. The question I was after was the old point of the difference in policy inaugurated in 1921. The policy was inaugurated of allowing lessees to erect works, of re-erecting our works, and securing the benefit of the head of water, and that was the difference between the 1921 lease and any lease which preceded it.

Major BELL: That is correct, sir.

Hon. Mr. DUNNING: The 1921 lease, if developed, would develop how much horse-power?

Major BELL: Our estimate is that an elevation of 133 feet,—this is 120,—440,000 horse-power could be developed, on the 133 level.

Hon. Mr. DUNNING: Under that lease the lessees were compelled to submit their plans for approval?

Major BELL: Yes.

Hon. Mr. DUNNING: Did they so submit them?

Major BELL: Yes, sir.

Hon. Mr. DUNNING: What was the attitude of the Department towards the plans submitted—were they ever approved?

Major BELL: That is the duty of the Chief Engineer and he will tell you about them.

Hon. Mr. DUNNING: That lease expired when—2006, was it not?

Mr. GEARY: Did you speak of the second lease, sir?

Hon. Mr. DUNNING: I did not.

Major BELL: 2006, sir.

Hon. Mr. DUNNING: When was the work to commence, under the terms of the lease?

Major BELL: Within a year from the signing of it.

Hon. Mr. DUNNING: Was anything done?

Major BELL: No, sir.

Hon. Mr. DUNNING: Was anything done up to 1926?

[Major Bell.]

Major BELL: No, sir, not that we know of.

Hon. Mr. DUNNING: Now we come to the 1926 lease.

An Hon. MEMBER: There were renewals, of course, in the meantime.

Hon. Mr. DUNNING: How many renewals—how many times?

Major BELL: The first supplemental grant dated September 17th, 1923; by supplemental agreement dated September 18th, 1925; by supplemental agreement dated November 4th, 1925; by supplemental agreement dated November 29th, 1926.

Hon. Mr. DUNNING: These were all just straight extensions of time, were they not, Major?

Major BELL: No, sir.

Hon. Mr. DUNNING: What one was not a straight extension of time?

Major BELL: I do not believe that is marked here—the one in August, 1926.

Hon. Mr. DUNNING: The one of August, 1926, was the only one which varied from the terms of the original 1921 lease.

Major BELL: Yes, sir.

Hon. Mr. DUNNING: Now, just tell us, will you, Major, the point on which the 1926 lease changed the lease of 1921? What are the differences?

Major BELL: The supplemental agreement, dated August 31st, 1926, and based on Order in Council of August 26th, 1926, purported to provide: (1) that rentals under the 1921 lease would commence to accrue on January 1st, 1932, instead of January 1st, 1928, as provided in the lease; (2) for a net reduction of rentals of \$600,000 for that period between January 1st, 1928, and January 1st, 1964; (3) that the lessee upon entering into any lease or agreement in connection with power development and works under lease 24114, with either the Province of Ontario or Quebec or both obligating the Company to pay rentals or other yearly payments, to be credited on account of the yearly lease number 24114 to the amount not exceeding one-third respecting each Province; (4) the time for commencement of works being extended to December 1st, 1927, and time for completion and installation of 25,000 horse-power developed being extended to December 1st, 1930.

Hon. Mr. DUNNING: Those are the only differences?

Major BELL: Those are the essential differences, yes.

Hon. Mr. DUNNING: From the point of view of Departmental revenue, am I correct in saying that \$600,000 less would have been received in straight rentals as compared with the 1921 lease?

Major BELL: Yes, sir, plus interest.

Hon. Mr. DUNNING: And am I correct in saying that in addition to the \$600,000 provision is made for reimbursing the lessees whatever they might have to pay to the Provincial Governments?

Major BELL: Yes.

Hon. Mr. DUNNING: Up to the extent of the total one-third remaining to the Dominion?

Major BELL: Yes.

Hon. Mr. DUNNING: What happened to that lease?

Sir GEORGE PERLEY: May I suggest that the Minister is making the statements, instead of asking questions. If the Minister is going to ask questions of the witness, I submit he should simply ask the questions and not make the statement first and then ask if that is correct.

The CHAIRMAN: You submit that this is a leading question?

[Major Bell.]

Sir GEORGE PERLEY: Yes.

Hon. Mr. DUNNING: May I say that leading questions have been addressed all through this enquiry. May I say to Sir George that I am really interested in getting the facts on record. The Deputy Minister has read to the Committee a statement of the differences between the 1921 lease and the 1926 lease, and my statements were for the purpose of getting those essential points made clear. I am not a lawyer and I do not understand the rules of this game.

An hon. MEMBER: We are not lawyers either, and we want the facts.

Sir GEORGE PERLEY: The Committee wants the facts.

Hon. Mr. DUNNING: I am not a lawyer, but if there is any error in fact in any statement made or question asked of the Deputy Minister or in any reply made by him, we want to have it corrected.

An hon. MEMBER: Mr. Chairman, may I say that the witness is not under oath here, but we want the facts. The rules of evidence do not apply.

Hon. Mr. DUNNING: Major Bell, was this the first occasion in any lease, where the Provinces were mentioned? Have you any recollection of any other lease in which the Provinces were mentioned?

Major BELL: So far as I know, sir, this is the first time.

Hon. Mr. DUNNING: Have you any evidence at all in the Department of the Provinces being interested in the terms of this lease?

Major BELL: No, sir.

Hon. Mr. DUNNING: Nothing on record?

Major BELL: No, sir.

Hon. Mr. DUNNING: Were the Provinces parties to it in any way?

Major BELL: Not as far as I know, sir.

Hon. Mr. DUNNING: There is nothing in the Department which would lead to any conclusion of that sort—no documentary evidence?

Major BELL: Well, I would not say that there was no evidence. Papers which have been sent to the Department since would indicate that there had been a conference.

Hon. Mr. DUNNING: Between whom?

Major BELL: Well, I imagine that at least one of the Provinces was in it.

Hon. Mr. DUNNING: But, so far as the Department is concerned, there is nothing on record either preceding the lease or since.

Major BELL: No sir, there is nothing on record.

Hon. Mr. DUNNING: Is there any record of a conference, in the files of the Department?

Major BELL: No, sir. The Secretary has the file and can produce it.

Mr. HANSON: Whether there is a record of it or not, do you know if there was a conference?

Major BELL: No, sir, I know nothing about a conference.

Hon. Mr. DUNNING: What happened, Major, to this 1926 lease?

Major BELL: It was cancelled by Order in Council.

Hon. Mr. DUNNING: On what date?

Major BELL: November 29th, 1926.

Hon. Mr. DUNNING: Will you please tell me, Major, if the 1926 lease is in conformity with the Order in Council authorizing its execution?

Major BELL: I was advised by the legal department that it was not, and that the lease went beyond the Order in Council.

[Major Bell.]

Hon. Mr. DUNNING: That the lease went beyond the authority granted to the Minister by Order in Council?

Major BELL: Yes.

Mr. HANSON: Surely that is a question of law.

Hon. Mr. DUNNING: It is a fact.

Mr. GEARY: You have that written opinion?

Hon. Mr. DUNNING: Yes, the written opinion can be put in. Major Bell?

Major BELL: Yes sir.

Hon. Mr. DUNNING: Major, after this lease was cancelled, what was the next record on the file?

Major BELL: We entered into a new supplemental agreement, approved by Order in Council, for the extension to May 1st, 1927.

Hon. Mr. DUNNING: Of which lease?

Major BELL: Of 1921.

Hon. Mr. DUNNING: Under exactly the original terms of the 1921 lease?

Major BELL: Yes exactly the original terms.

Hon. Mr. DUNNING: And entirely without the provisions of the 1926 lease?

Major BELL: Yes, sir.

Hon. Mr. DUNNING: None of the provisions of the 1926 lease which were additional were included?

Major BELL: Yes, that was a supplemental agreement of August 1926.

Hon. Mr. DUNNING: Did the National Hydro-Electric apply for the extension?

Major BELL: The last one, of May 1st, yes sir.

Hon. Mr. DUNNING: Did they apply for it to May 1st, or what was their application? Have you got it there?

Major BELL: No, I think it was verbal, December 1st, 1927.

Hon. Mr. DUNNING: Is there nothing on record?

Major BELL: There may be.

Hon. Mr. DUNNING: The Secretary for the Department can give the information?

Major BELL: Yes.

Hon. Mr. DUNNING: So that the position to-day is that the only lease now existing on the stretch between Ottawa and Montreal is the original 250 horse-power Departmental lease plus the 1921 lease extended to May 1st, 1927.

Major BELL: That is correct, sir.

Hon. Mr. DUNNING: Those are all the questions I have to ask.

Mr. HANSON: Are both those leases in possession of the same Company?

Major BELL: Yes, sir.

Mr. HANSON: Is the 1921 lease the first lease in which the Department undertook to lease a water-power on Interprovincial waters irrespective of the question of canalization?

Major BELL: I am not quite sure whether we have one lease on the St. Lawrence which is interprovincial. I am not positive of that. Probably you could ask the Chief Engineer, who would know that, or the Hydraulic Engineer, whether we have one on the St. Lawrence.

Mr. STEWART (Leeds): Mr. Chairman, I would like to ask Major Bell what was the ultimate object of reducing the rentals in 1926.

[Major Bell.]

Major BELL: I could not answer that, because I was not even in town when it was done.

Mr. STEWART: Was not the effect to enable the Company to furnish power to these two Provinces at a lower cost than under the original lease?

Hon. Mr. DUNNING: Was there any evidence, Major, or record of an agreement on the part of this Company to furnish power to consumers at any price whatsoever?

Major BELL: I never heard of it, sir.

Mr. GEARY: Do you know, Mr. Bell, if the Provinces were claiming the right to the power developed or who should get the price of the power developed?

Major BELL: I was not in the conference at all. I was not even in the city.

Mr. GEARY: Would not that be a fair inference to draw?

Major BELL: You had better ask somebody who knows. I was not there at all. I can give you the story of it if you like.

Hon. Mr. CANNON: You had better ask Sir Henry Drayton, he can tell you all about it.

Major BELL: I understand that there was no official of the Department there; at least they claim that. The only official who had any knowledge of it was the official who signed the lease and attached the seal at the request of the Acting Minister.

Mr. HEAPS: Early, you made reference to the price charged for water-power. You gave figures of \$6, \$4, and so on. Can you tell us how the Department arrived at these figures?

Major BELL: It studies what the power is worth. They have to develop it afterwards. We do not install the machinery but just have the water.

Mr. HEAPS: What is the relation of the cost of the construction of the power to the cost of the construction of the Canal?

Major BELL: The Canal comes first, and the water-power is only incidental in nearly every case.

Mr. WINFIELD SIFTON: The practice was not to get as much as you could for the power, was it not?

Major BELL: Yes. It was not up to a few years ago. Now we have got it on that basis.

Mr. WINFIELD SIFTON: You get the best you can, on the market value of the power?

Major BELL: Yes.

Mr. HEAPS: You get all you can for the power?

Major BELL: Probably I went a little far in saying that. We investigate and put what we consider a fair value on it, just the same as in leasing land, we put a fair value on the land, and then the rental is based on six per cent on that value.

Mr. HEAPS: What proportion would the revenue you are receiving for water-power development bear to the actual cost of the Canal?

Major BELL: I cannot say that. The water-power is incidental. You build your canal, and it happens incidentally that you have some water-power, in a great many cases.

Mr. WINFIELD SIFTON: May I ask as to the 1921 lease, the extension of which runs out on the 1st of May. If it is not extended, then is it correct that the 1911 lease, the original small lease for 250 horse-power covers the

[Major Bell.]

position at Carillon, and the National Hydro will be then left in possession of the power site as lessees in position until 1974, in the event that our charter is not extended and the 1921 lease is not extended.

Major BELL: The terms of the 1911 lease will govern, but in the 1911 lease is a clause which permits us to take over that on paying the actual cost of the work, and by giving six months' notice.

Mr. WINFIELD SIFTON: I ask that question because I understood you to say that there was not any such clause.

Major BELL: Yes, there is one.

Mr. WINFIELD SIFTON: Could we have a copy of that?

Major BELL: Yes, there is a copy going into the record. I thought you were referring to the 1921 lease.

Mr. WINFIELD SIFTON: Have representations been made to your Department by the National Hydro to that effect, that if the charter of the Montreal and Georgian Bay Canal Company fails of renewal, and the 1921 lease fails of renewal, they are still in possession.

Major BELL: Oh, yes.

Mr. WINFIELD SIFTON: You have to expropriate them or get rid of them before you can deal with it?

Major BELL: Yes.

Mr. WINFIELD SIFTON: Have you made that in writing?

Major BELL: Not that I know of. I do not remember it.

Mr. WINFIELD SIFTON: It is their solicitors or someone on their behalf who has made that representation verbally.

Major BELL: Yes, they may have, but I do not remember it.

Mr. WINFIELD SIFTON: The practice of the Government has been to grant extensions, as I understand it, where the Company for financial and engineering reasons has been unable to build; is that the case?

Major BELL: Yes.

Mr. WINFIELD SIFTON: That was given as one of the main reasons for the extension in August, 1926, and that has been the practice.

Major BELL: Yes. There was something more in that case, there were other reasons.

Mr. GEARY: Major Bell, will you answer so that we can hear, please?

Mr. WINFIELD SIFTON: To come back to this question of improved canalization: do I understand you to imply that a mere replacement of the existing work which would be destroyed by the power development, without any additional depth or capacity for vessels or any deepening of the reaches whatsoever above or below that power site, is what you call in the lease of 1926 greatly improved canalization?

Major BELL: Yes.

Mr. WINFIELD SIFTON: That is what it is. Now is it correct that the August, 1926, lease was granted after the National Hydro-Electric Company was definitely in default and its rights had run out?

Major BELL: No, I do not think so.

Mr. WINFIELD SIFTON: I think that statement has been made.

Major BELL: No, the 1st of December, I think it was.

Hon. Mr. DUNNING: Are you referring to 1926?

Major BELL: You are wrong in that, Mr. Sifton.

Mr. WINFIELD SIFTON: They had not run out?

[Major Bell.]

Major BELL: No, they could have run until December 1st, 1926.

Mr. GLEN: Do I understand the position to be this that if the lease is not renewed, you will go back to the 1911 lease as the only existing charter affecting this Canal?

Major BELL: That is the position.

Mr. GLEN: And that the only expropriation that will take place is of that 250 horse-power?

Major BELL: That is all. There really is not an expropriation. We simply give six months' notice, and take it over, and pay the actual value of what exists.

Mr. GEARY: The value being what it costs?

Major BELL: Yes.

Mr. BROWN: What was the date of the 1911 lease?

Hon. Mr. DUNNING: The chief engineer will know that.

Major BELL: It is a long term lease.

Hon. Mr. DUNNING: While the Major is looking that up I think I would like to say, in reply to Mr. Hanson, with regard to Sir Henry Drayton, that nothing I have said this morning is intended in any way as a personal reflection upon Sir Henry Drayton. I am discussing the policy only and have no intention whatever of impugning Sir Henry's honesty or motives in any way. The policy was a governmental policy on the part of one Government.

Mr. HANSON: We can have that whole matter of the policy brought out at another time.

Major BELL: In 1974 that lease will run out.

The CHAIRMAN: Any further questions that members of the Committee wish to ask Major Bell?

Major BELL: I would like to say this: I have been giving some answers without the papers before me. I think this refers to a question Mr. Sifton asked. It is the 1911 lease. I read the following:—

That in case the lessee and any applicant for the purchase of electricity are unable to agree on the quantity to be sold by the lessee to the applicant or as to the price to be paid therefor, the lessee shall sell and supply to such applicant such quantity of electricity and at such prices as may be determined by the Board of Railway Commissioners of Canada.

Mr. WINFIELD SIFTON: Is that in the 1911?

Major BELL: Not that I know of.

Mr. WINFIELD SIFTON: It is in the lease for the 250 horse-power, but not in the lease for the 250,000.

Major BELL: That is so.

Mr. HANSON: Are not all these contracts and leases subject to the laws of the provinces as to the public utilities of those provinces, irrespective of what may be in the contract? In other words, the public policy of the province is to over-ride contracts to that extent.

Major BELL: I suggest that you ask the Department of Justice that question.

Hon. Mr. DUNNING: I am through with Major Bell, unless the Committee desire any further information.

Mr. RYERSON: Can you give an estimate of the period that the canal will be able to operate.

Major BELL: Yes, we operate now, from the middle of April or the 1st of May, to the middle of December, for canal purposes.

[Major Bell.]

Mr. RYERSON: That is about six months.

Major BELL: About seven months.

Mr. RYERSON: As a result of the short period of operation, in fixing the tolls to be charged upon the tonnage, would not this extra overhead for the idle months have to be taken into consideration?

Major BELL: It is on all canals, if you are going to operate them for the purpose of gain.

Mr. RYERSON: If we have the canal in operation for possibly five months, and you estimate what will be the overhead in connection with it for that period and for the whole of the year—

MAJOR BELL: I have not made a study of the operation of the Georgian Bay Canal for the whole length.

Mr. RYERSON: In the event of the canal being in operation, what effect will it have upon the earnings of the Canadian National Railways? Have you any idea of that?

Major BELL: I have not the faintest idea.

Mr. RYERSON: It would affect the earnings of the Canadian National Railways?

Major BELL: If the canal carries traffic that otherwise would go to the Canadian National Railways, it certainly would affect them.

Hon. MEMBER: Hear hear!

Mr. GLEN: Were any representations made to your department, at the time of the application for renewal of the lease in August, by the Province of Ontario and Quebec?

Major BELL: Not that I know of.

Mr. GLEN: Have any representations been made by either of the provinces to your Department prior to the renewal of the charter or the expiry of the the charter?

Hon. Mr. DUNNING: Which charter?

Mr. GLEN: The Canal charter.

Major BELL: Not by the provinces.

Hon. Mr. DUNNING: I think it is made to Parliament, not to the provinces.

Mr. GLEN: Have any propositions been made with regard to the Canal to your Department?

Major BELL: Not that I know of.

Mr. McLEAN (Melfort): I understood that this was the only lease of the kind, on the Ottawa River, granted by the Department to develop power by itself. Does that include the Chaudiere reach?

Major BELL: No. I was speaking of the part that is affected now.

Mr. McLEAN (Melfort): From here down?

Major BELL: Yes.

Mr. McLEAN (Melfort): You have given leases of the Chaudiere?

Major BELL: No, not under the control of our Department; those are old leases.

Mr. McLEAN (Melfort): How are those leases given?

Major BELL: I imagine they were given originally through the Inland Revenue Department.

Hon. Mr. DUNNING: You had better call an official of the Department as to that.

[Major Bell.]

Mr. McLEAN (Melfort): At the present time, anything above the Rideau Canal on the Ottawa is under the jurisdiction of the Department of Public Works?

Major BELL: Yes, above.

Mr. McLEAN (Melfort): I am only interested in what is above.

Major BELL: That is under the control of the Department of Public Works.

Mr. McLEAN (Melfort): If that is not in use from here up, would it be fair to ask if there is any provision whereby the Government could take this over for canalization, or for any other purpose?

Major BELL: I imagine they could. The Government could expropriate anything.

Mr. McLEAN (Melfort): But you have not got the leases?

Major BELL: No. Originally they were very old leases, and I imagine it was through the Inland Revenue Department originally. Some are freehold, that have been sold directly.

Mr. McLEAN (Melfort): Do you say that some are freehold leases?

Major BELL: Rights that have been sold directly.

Mr. McLEAN (Melfort): That were sold by the Department of Inland Revenue, before the Department of Railways took over that part of the administration.

Major BELL: I have no knowledge. It is not in our Department.

Hon. Mr. DUNNING: The Department of Public Works would have that information.

Mr. McLEAN (Melfort): We would have to get that information from the Department of Public Works or the Department of Inland Revenue.

Major BELL: Yes.

Mr. GEARY: May I ask to what extent would the works at Carillon affect the question under consideration? I mean, what would be the practical effect?

Major BELL: If this Bill which is now before the Committee passed the House, and became law, and they were to start the construction of the Canal, they would have to expropriate the Carillon if that lease remained in effect.

Hon. Mr. DUNNING: What would they do as to the lease of May 1, 1921?

Major BELL: Expropriate.

Hon. Mr. DUNNING: If it was extended, they would have to expropriate?

Major BELL: Yes.

Mr. GEARY: It is not in effect?

Hon. Mr. DUNNING: It is in effect, until the 1st of May.

Mr. WINFIELD SIFTON: I have had to devote some attention to that particular point, and I suggest that it is worth considering that both the 1911 lease for 250 horse-power, and the 1921 lease were taken subsequent to a Statute of Canada with regard to the Montreal and Georgian Bay Canal Company, which gives them certain rights. The presumption is that they were taken subject to these statutory rights in the possession of the Montreal, Ottawa and Georgian Bay, and it is an open question whether they are entitled to any compensation against us or not. That has not been decided, and is a matter for the Exchequer Court.

Mr. GEARY: I am only asking how it affects this Committee on the question of this present Bill.

The CHAIRMAN: Any further questions of Mr. Bell?

Mr. McLEAN (Melfort): The rental on this new lease in 1926 is fixed at a certain figure to a certain date, and then raised to another figure at another

[Major Bell.]

date? After the second and third renewal or change in the rental value, it has to be set by the Exchequer Court?

Major BELL: Yes; I had better give you those rates.

Mr. McLEAN (Melfort): I am more interested at the present time in getting information as to whether this \$600,000 loss is based on the rental down to the last date, 1985.

Major BELL: Yes.

Mr. McLEAN (Melfort): So that \$600,000 loss is based between 1932 and 1985?

Major BELL: 1964, I think it is.

Mr. McLEAN (Melfort): So that loss of \$600,000 is the loss in rentals spread over a period of thirty-two years, not over the full eighty years?

Major BELL: No.

Mr. W. SIFTON: In your capacity as Deputy Minister of the Department of Railways and Canals, were you supplied with a list of the directors and shareholders and any information as to who, in fact, controlled the National Hydro Electric Company?

Major BELL: No.

Mr. W. SIFTON: Is there any information of that kind on the files of the Department of Railways and Canals?

Major BELL: Not that I know of; it may be there, but I have never seen it.

Mr. W. SIFTON: Inasmuch as this has been called and defined as the "bone of contention," I would ask that the same information be put on the files as regards them as was asked for regarding our company—if you have that information.

Major BELL: I have not got it.

Colonel ARTHUR E. DUBUC called.

Hon. Mr. DUNNING: I have no questions to ask the Colonel, but I called him because some members of the committee have asked questions which were referred to the Chief Engineer by the Deputy Minister.

The CHAIRMAN: If any member wishes to ask questions, the Chief Engineer is now here.

Mr. HANSON: I would like to ask the Chief Engineer as to the proposed installation at Hawkesbury on the Chaudiere Falls.

Mr. LAPIERRE: I ask for information about the whole project.

The CHAIRMAN: We will take up Mr. Hanson's question first.

The WITNESS: Answering the question of Mr. Hanson, the low water level of the Ottawa right here opposite Ottawa, below the locks, is at elevation 127; if the Georgian Bay Canal Company is going to keep that level to elevation 140, it means clearly that they will encroach on the tail-race of the Chaudiere Falls at least ten feet. There is a little fall between the lock and the falls—I should say about three feet maximum—so there will be a difference between 130 and 140.

By Mr. Hanson:

Q. Do you know if the Chaudiere is owned in fee simple by the present proprietors, or is it held under rental from any governmental authority?—A. I understand it is under rental from the Public Works; not by us, anyhow.

[Col. Arthur E. Dubuc.]

Hon. Mr. DUNNING: I think, Mr. Hanson, in the interest of accuracy, it would be better to summon the Department concerned. This can only be hearsay evidence.

The WITNESS: It is not Railways and Canals.

By Mr. Hanson:

Q. Are you not under the Public Works Department?—A. No; Railways and Canals.

Mr. HANSON: I beg your pardon.

By Mr. Sifton:

Q. Colonel Dubuc, for what period in the year would this encroachment take place? How many days out of the 365?—A. I believe it would be all year—even at flood level.

Q. Is there any balancing advantage given to the Chaudiere plant by reason of the fact that we give them an additional flow, owing to putting our dam above the Chaudiere—at the little Chaudiere—location, and making them a present of additional pondage?—A. Quite right; if you give them more water or more falls, you are benefiting them.

Q. There is a balancing advantage on the other side: We take a bit from their tail-race and add some to their pondage?—A. Undoubtedly.

By Hon. Mr. Dunning:

Q. Colonel Dubuc, in giving an extension of a lease by the Department, what part does your branch of the Department play? Tell the committee what the practice is in connection with the granting of leases.—A. Well, the lease usually follows a request which is referred to the Technical Branch of the Department for whatever objection they may find as to the granting of the request. The Technical Branch reports to the Minister—

By Mr. Lapierre:

Q. May I ask you one question? Has there been any request for power privileges at Desarat?—A. Not to our Department.

By Mr. W. Sifton:

Q. Has any request come to your notice?—A. Not to our knowledge. The Deputy has stated that above Ottawa our Department is not concerned.

Hon. Mr. Dunning:

Q. Finish your answer to my question, Colonel, as to what happens when a request comes in.—A. The Technical Branch considers that request, and refers it to the Deputy Minister, who studies it to see how far the request can be granted. It is then referred to the Minister, who decides what policy will be adopted, and it goes to Council, and Council authorizes a lease to be issued under certain conditions, and then the lease is issued, and includes whatever provisions it should have.

Q. The lease is issued in accordance with the terms of an Order in Council?—A. Undoubtedly; I understand it is illegal otherwise.

Q. With regard to the lease of August, 1926; did your Branch of the Department make any report on it—the supplementary agreement of 1926? Were you consulted?—A. I was not, sir.

Q. You knew nothing about it?—A. The only thing that happened was that in July, 1926, I was called to the office of the Acting Minister and asked if there were any technical objections to an extension in the time of the lease—

[Col. Arthur E. Dubuc.]

Q. Of which lease?—A. Of the 1921 lease to the National Hydro, which terminated on the first of December, 1926. I told the Minister that as long as the lease was not prolonged for too long a period, I saw no technical objection to it being extended. That was the only question asked of me.

Q. You did not see the August 1926 supplemental agreement then, until after it was executed?—A. No.

Q. When did it first come to your notice as Chief Engineer?—A. Late in September—the end of September.

Q. In addition to the technical work which you do for the Department, what do you have to do with respect to determining rental rates, the rates to be charged by the Department?—A. Of course, it is one of the answers which follows a request on any lease—the valuation of the water-power, if it is a water-power lease, or a dam, or something of that type, and the valuation of whatever concession is given, is asked of the Technical Branch.

Q. You were not asked about the valuation of the concession contained in the August 1926 supplemental agreement?—A. Not at all.

Q. You were not asked if the reduction in rental was justified?—A. I was not, sir.

Hon. Mr. DUNNING: That is all.

The CHAIRMAN: Are there any further questions?

By Mr. Pettit:

Q. What would be the period of navigation of the Georgian Bay Canal?—A. Undoubtedly from late April or the first of May until the 1st December. I would judge—seven months.

Q. A full month shorter than by way of the Welland Canal?—A. No; the Welland generally opens about the middle of April, and carries on to about the middle of December.

By Mr. W. Sifton:

Q. That is the Welland. What is the difference in the lower St. Lawrence? In other words, what is the difference in the period of time during which the two complete routes are open?—A. In time of what?

Q. The number of days during the year.—A. One month; that is the maximum, although there have been cases where the Welland closed around Christmas, but that is unusual. It is usually about the tenth or twelfth of December—that is about the average—and opens about the middle of April.

Mr. ARTHURS: Major Bell gave us some information regarding contracts entered into for the sale of power to the Hydro Commission of Ontario, and other parties. I would like to ask whether, as a result of any of these contracts made with the Hydro Commission of Ontario, or otherwise, it has been necessary to make other contracts or go to other expenditures by the Department of Railways and Canals in order to carry out their contracts, or to increase the amount of power, outside of canalization altogether.

Colonel DUBUC: Outside of canalization, I would say, no. We have a sample of that with the Trent. The whole Trent River was practically provincial. That means that the province had certain obligations as to the maintenance of storage dams for logging purposes, and different things like that. In 1907 all the rights of the province in the Trent were transferred to the Federal Government, with all obligations, of course, of the province. Ever since, we have had full and absolute control of the whole Trent River from the Georgian Bay to Lake Ontario at Trenton. The river is canalized three quarters of the way from Lake Ontario, and we have established dams and built locks. Major Bell, a few minutes ago, spoke of the different rentals being charged for the

[Col. Arthur E. Dubuc.]

water-power, two and four dollars. What happened was this: that in certain spots on the Trent we had no rights at all as to water-power; they were privately owned, and they were even developed. If we annulled a dam that was built by a private owner, we built our own dam for our own regulations and transferred the water-power to the original owner free of charge. Where the water-power was not ours, and we were building a dam in order to develop that horse-power—I mean in developing horse-power privately owned—we charged the owner of that water power an amount which represented the interest on the cost of the dam, which was two dollars, the average cost of a dam being about \$100,000 odd. Where there was no privately owned water-power and we were building a dam, we charged, to whoever wanted to purchase the available water-power of that dam, both the interest on the cost of the dam, \$2, plus \$2 for the cost of the power, which was created through the canalization.

Mr. ARTHURS: In accordance with the contract which was entered into, under this system you have had to make certain changes in your works on the Trent River to fulfill the contracts, or to increase the amount of power.

Colonel DUBUC: No. To fulfill the contract was simply contingent to the canalization of the Trent.

Hon. Mr. DUNNING: Where does the \$6 rate come in? You spoke of a \$2 rate and a \$4 rate.

Colonel DUBUC: We are trying to get the market value where the power is. On the Lachine Canal, for instance, where the power is much more valuable than in the distant countries of the Trent—right in Montreal—the rate is \$6. On the Welland Canal, where there are large industries, and more thickly populated, we can get more for our power; the normal charge is \$6.

Hon. Mr. CANNON: You stated that the Federal Government had taken over the rights of the province on the Trent River. How was that done?

Colonel DUBUC: Well, I am getting out of my depth now. Under the British North America Act a portion of the Trent, from Rice Lake down to Trenton, is specifically given to the Federal Government. There were negotiations in 1907 by which the province transferred to us whatever rights they had above Rice Lake on the Trent, with all the obligations that they had as to the maintenance of storage dams.

Hon. Mr. CANNON: You have exclusive jurisdiction over that?

Colonel DUBUC: Absolutely. They did challenge for a time the question of the rentals, and they hesitated for years to agree to a lease which would give them the right to power development, but the department insisted on its grounds, and I know of no case now where the Hydro is utilizing water-power on the Trent and not paying the department the rental charged.

Mr. YOUNG (Weyburn): Did I understand you to say a minute ago that the period of navigation on the Ottawa River would be a month shorter than the period of navigation on the St. Lawrence above Montreal?

Colonel DUBUC: I said that if the Georgian Bay Canal was built I believed navigation would be possible from the first of May. Undoubtedly it would have to be closed in the northern portions, anyway, by the first of December at least, and possibly a bit sooner, according to the season at that time. The St. Lawrence canals, the Welland and the through St. Lawrence canals, the Lachine, and all those, open about the middle of April. Sometimes they open a bit later and sometimes a bit sooner, but usually never before the eighth of April, and as late as the last week in April. Last year was one of the latest years, and the Welland Canal opened only around the first of May, on account of the blockage of ice in Lake Erie. The average year for the St. Lawrence canals is from the middle of April to the middle of December,

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eight months. I believe that the Georgian Bay Canal would be open from the first of May to the first of December, seven months.

Mr. LAPIERRE: Are there any engineering difficulties in lifting the boats from the level of Lake Nipissing to the summit of the Georgian Bay?

Colonel DUBUC: You do not lift them at all under the scheme of the Georgian Bay Canal.

Mr. LAPIERRE: It was stated, during the discussion in the House of Commons, that it was almost impossible to raise skips from the level of Nipissing to the summit.

Colonel DUBUC: There is no summit in the Georgian Bay Canal scheme. That raises another question. The Department has been asked to approve certain plans submitted by the Georgian Bay Canal Company. The Deputy has said that that company, as he thought, were not very serious in the type of plans they sent. In 1925 they sent a plan showing the section between the Carillon and Hawkesbury. I made this memorandum to the Minister on January 20th, 1925; the plan had been submitted to the Public Works Department in December.

Mr. LAPIERRE: I am not very much interested in that.

Some Hon. MEMBERS: We want to hear it.

Colonel DUBUC: It will have reference to your question, if you will allow me. I made a memorandum to the Minister in January, 1925, about three weeks after the plans were submitted to our Department. I understand that they had been submitted to the Public Works Department a couple of weeks before, in December, 1924. This is a long memorandum, to the Minister. I will not repeat the first portion of it, which only refers to the sections of the Statute which would affect the approval or not of these plans. But I come to my conclusions, and I say:

Under Clause 18 of the Statute of 1894. (Chap. 103)—
and I repeat the Clause:—

The Company, on the 2nd instant, submitted to you, for the approval of His Excellency the Governor General in Council, a location plan and profile of a proposed canal between Hawkesbury and Point Fortune. This plan is a very general one, practically a duplicate of the Department of Public Works, Georgian Bay Ship Canal scheme of 1908, at a scale of 2,000 feet to the inch, showing the centre line of proposed canal with locks of 650 feet by 65 feet by 24 feet at Pt. Fortune and Hawkesbury, and dams, power-houses, and regulating sluices at both Carillon and near Grenville.

And then I give eight reasons why the plans should not be approved:

1. As such, the plan is so totally inadequate as to preclude any serious consideration.

2. As the Act does not state what navigable draft the canal or canals should provide for, it becomes entirely a question of Government policy as to whether this should be 9 feet as now between Lake St. Louis below St. Anne's lock and Ottawa, or 14 feet as the present main St. Lawrence canals, or 22 feet as originally recommended by the Department of Public Works for the Georgian Bay Ship Canal, or 30 feet as ultimately projected for the new Welland Ship Canal. A decision as to this navigable channel will govern the dimensions of the locks and the width and slopes of the canal prism.

3. The Company should be asked how it proposes to maintain the 140 feet level above Hawkesbury locks and dam, particularly at flood levels of the Ottawa River.

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4. It should give complete construction detailed plans of all the structures proposed between Mile 370 and Mile 365 at Hawkesbury, and also between Miles 380 and 377 in the vicinity of Carillon and Point Fortune.

5. The Company should say how the navigation in the present Carillon and Grenville Canals is to be maintained during construction.

Because this Section of the plan was just adjoining our Carillon and Grenville Canals.

6. It should also state what it proposes by way of a development of the water-power existing in this portion of the river, this being of particular interest to this Department by reason of its ownership of a considerable portion of the north bank of the river and its consequent proprietorship in the power rights. It is quite possible to so develop this power that the future development of what would be left might become highly impracticable.

7. Equally, the Company's intentions as to storage and draw-down operations in the different pools, as this could easily have a detrimental effect on the navigable channels between Ottawa and Montreal.

8. Finally, attention is called to the annexed memo of the 8th instant of Departmental Counsel as to some legal aspects of the case particularly in reference to departmental lease No. 24414 to the National Hydro-Electric Company, Ltd., and as to the effect, on the Crown, should only a portion of the work be completed at the time the whole works should be.

Further plans were submitted by the Company; and on January 15th, 1926, I sent another memo to the Minister, which says:

Under date of December 12th last, this Company submitted, pursuant to the provisions of 57-58 Victoria, Chapter 103, Section 18, a location plan and profile of the sections of the canal which it is authorized to construct under said Act at Paquette Rapids, Des Joachims Rapids, Rocher Capitaine Rapids, Deux Rivières Rapids, and Mattawa Sections on the Ottawa River, and also for an alternative scheme to that already received with regard to the section of Hawkesbury to Point Fortune, in order that these may be submitted to His Excellency the Governor General in Council for approval.

These plans are of the same indefinite nature as those submitted during the early part of 1925, and on which my memorandum of January 20th last was based. None of the plans so far submitted are such that could be approved by the Governor General in Council as they contain no real information as to what the Company proposes to do with the various portions of the river.

The present question appears to be one of what is the proper policy for the Department to follow in this connection. Apart from a formal acknowledgment of receipt, the Company has had no communication from the Department, and has addressed to it no further enquiry with regard to its plans as submitted. Under such circumstances, all these applications have been allowed to stand to date as set out in my memorandum of August 17th last.

And finally I made a further long memorandum on May 19th, 1926, to the Deputy Minister, in which I recall again the different features of the Charter, the Departmental and Governmental interests, and I come to the conclusions:

Various plans submitted to date by the Company for approval fairly define the location of the through route from Montreal to the Georgian Bay. These plans are such as can be approved as route plans only, and further detail plans showing all the necessary particulars of such canals

and other works authorized must, under 1894, Chapter 103, Section 18, be submitted and receive the approval of the Governor in Council before the Company may commence construction.

The Department of Justice has reported in a letter of January 17, 1925, (copy hereto attached) that it is not of the opinion that the Company is obliged to obtain approval of plans for the whole project before commencing work

This had come about because we did not know whether it was legal for us, that is whether we were obligated to approve a section of the plan before knowing what the whole scheme was. Then my memo proceeds:

but that if it appears to the Governor in Council that the Company is not proposing to proceed with the canal scheme such circumstance might be taken into consideration in deciding whether or not to approve of the plans submitted and that in any event it appears in the opinion of that Department that approval should be withheld unless the work proposed to be constructed will afford traffic and navigation facilities between points which can reasonably be regarded as terminal points of a canal.

It should therefore be observed:

1. That the Act in its present form is designed primarily to provide navigation facilities between two specified terminal points, Montreal and Georgian Bay;

2. That, having regard to the above mentioned opinion of the Department of Justice, Montreal, Ottawa, North Bay and Deep Water at the mouth of the French River might be named as points on the proposed route which could reasonably be regarded as terminal points of a canal;

3. That the Company has just filed (May 14, 1926) a through plan of the route of the canal such as is the practice under the Railway Act;

4. That before the Company can proceed with construction, it must submit further detail plans showing all the necessary particulars of such canals and other works and obtain the approval of same by the Governor in Council;

5. That apparently in the opinion of the Department of Justice such approval would permit the Company to proceed with the construction of dams necessary for canal purposes and with the development of power thereat without further provision of navigation facilities;

6. That it also appears to be the opinion of the Department of Justice that if on 1st May 1933,

which is the date at which time the whole canal is supposed to be completed,—such dams and power developments are complete, then the powers granted the Company would continue with respect to these completed portions, but would be null and void as respects so much of the said canals and works as then remained uncompleted.

7. That if the company's detail plans were approved by the Government, the latter would have no means (other than expropriation) of preventing the company from neglecting the navigation requirements and proceeding with the construction of such works alone as are necessary for the development of the water-power indicated on such plans.

8. That the present value of power rights along the route is far in excess of what it was in 1894 when the Act was passed.

9. That the Department of Justice is also apparently of the opinion that the Governor in Council is not under any legal obligation to approve of any of the plans of the company.

Now, Mr. Sifton said that these were route plans. That would be another subject and would take a little time, Mr. Chairman.

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The CHAIRMAN: It is now after one o'clock.

Colonel DUBUC: My point would only be that why, even with the approval of only the indefinite plans which we have got, even if they were considered as route plans, it involved us in future detail plans which they might send and force us to approve.

Mr. W. SIFTON: May I ask, why was the plan not approved?

Col. DUBUC: Might I answer that by asking another question, how could you expect that they could be approved?

Mr. W. SIFTON: The practice which we were advised was the practice under the Railway Act, which ruled in regard to our company as provided by the charter. If we were incorrect or they had these objections, why were we not informed? We came here daily and weekly over a period of two years, and never had any information.

Colonel DUBUC: First, the company, in so far as our files show,—I do not know what they did with the Public Works,—deposited certain plans with the Department of Railways and Canals, but never followed those plans with a letter or anything asking why they were not approved. And about a year ago,—at the end of March, 1926.—Mr. Volckman, the chief engineer and secretary of the company, who is here now,—in the presence of Mr. Joss, one of my assistants, who is also here now, came to my office to find out what was the necessity for the project at Carillon; and I then advised Mr. Volckman, over a year ago, asking him why they sent us such a lot of plans and expected us to approve of them. I told him then why they were not approved, mentioning to him all the reasons which are given in my first memorandum which I have read to the Committee.

Mr. W. SIFTON: And immediately after we had that information we pressed for the conference to which I have referred.

Colonel DUBUC: I was not a party to the conference.

The CHAIRMAN: I would like to say to the Committee that some time ago the Committee agreed to hear Premier Brownlee, of Alberta. And if it pleases the Committee, we might this afternoon go into this matter.

Mr. GEARY: We want to get into the House.

Mr. HANSON: There are two or three gentlemen here representing Quebec and Ontario on this question and I think that in all fairness we ought to hear them to-day.

The CHAIRMAN: I have endeavoured to give the promoters a chance to present their case. We want to be equally fair to the other side; and that is the reason why I have suggested that the Committee meet again at 3.30 this afternoon.

The Committee adjourned to 3.30 p.m.

The Committee resumed at 3.30 p.m., Mr. Young (Saskatoon) presiding.

Colonel A. E. DUBUC recalled.

The WITNESS: Mr. Chairman, at one o'clock, when the committee adjourned, I was saying that I intended to give the reasons why the indefinite plans as submitted by the Georgian Bay Canal Company to the Department of Railways and Canals could not be approved. I assume that this map (indicating) was prepared by the company itself. As an instance of why even as a route map, it should not be approved, I assumed that the map showed us in a general way the plan where the navigable channel would reach certain

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levels which were shown, and if it were approved I assumed that it tied the Department up to agree to the levels corresponding to those shown on the map.

Mr. SPENCE (Maple Creek): You mean the profile at the bottom?

The WITNESS: Yes. No, as an instance why those should not be approved, for the Public Works report upon which this is largely based, the summit level of the canal showed an elevation of 6.677 feet above sea level just above Lake Nipissing. There was a question as to whether or not the Georgian Bay Canal could be navigable at all for any large traffic, on account of the difficulty of being able to feed the summit levels. As you are probably aware, this canal is not going to be fed from one end, and the water go down through the different locks to the lower level in order to lock the boats down, but must go through a divide, which means that the upper portion of the canal must be fed from somewhere near the location of the upper summit.

There has been a question as to whether the Georgian Bay Canal could find at its summit level enough water to feed any reasonably large number of lockages. The Public Works Department had a scheme by which what is marked "Turtle Lake" and "Trout Lake" would be at a higher level than Lake Nipissing, and would be fed from Amoble du Fond, a little stream which could be used to bring water to the summit level. There was some question of that water not being sufficient, and it has been suggested as one of the remedies that the water would be pumped from the level of Lake Nipissing twenty-nine feet higher to the upper summit, as needed for the lockages both ways. The Georgian Bay Company have eliminated that feature of it, and have shown the whole of Lake Nipissing raised ten feet from low water level, which is an extremely important point. The low level of Lake Nipissing is at an elevation of 6.38; the flood level of Lake Nipissing is at 6.44. The project of the Georgian Bay people is to raise Lake Nipissing ten feet above low water level, and four feet above flood level, which, while it might have been quite feasible, and the flood damages not so totally objectionable in 1908, is almost impossible to-day on account of the flood damages; so if those plans are approved, it means that the Department is committed to adopt 6.48 as being the properly required level for Lake Nipissing. Equally, you have the same thing down below; the upper reach is shown at elevation 140, which means that at Ottawa the low water would be raised from elevation 127 to 140, or 13 feet above low water level. We have in the project of the National Hydro an instance which raised the level at Carillon to elevation 133, and even that meant flooding damages representing 18,000 acres of land. With an elevation of 140, seven feet higher than that, it is hard to say how many thousands of acres of land would be affected by flooding damages, say, between Carillon and Ottawa. If we had approved this level, it meant that we were approving it as a basis for future detail plans.

Another very, very serious objection to the approval of the plans was this: the weakest point about the Georgian Bay scheme is the navigability at all of the French River. The reports of the Public Works Department do mention that the River for a large portion between Lake Nipissing and Georgian Bay flows through a granite country with very high bluffs on each side. The Georgian Bay Company, on the plans which they submitted, did not even show a channel. They had at the end submitted a very large scale plan, of seventeen miles to the inch, which meant that every inch on that little plan showed seventeen miles of channel. Of course, it did not show to any course or anything.

What happened is that between Lake Nipissing and Georgian Bay there are tremendous curves shown on the Public Works plan, which meant that a boat of six hundred feet long, like the present day normal Great Lake bulk freight boats, six hundred feet long and sixty odd feet wide, it was questionable whether

such a boat could navigate the French River; surely not at night. There are also, in the Public Works reports, even places where there is a reverse curve without a tangent between; meaning that a boat of six hundred feet long or more, proceeding very slowly on account of the perpetual curves in the French River, with the extremely bad visibility owing to the high banks on each side, would have to perform an absolute "S" without a tangent between the two curves, in order to right itself; meaning that either one of two things would happen, either the boat could not navigate or you would have to provide smaller boats in order to navigate them, or you would have to bring down the mountains of granite on each side.

Another solution, of course, would be that if there was only one boat going in one direction, a second channel might be found somewhere else at cost. But even if they had submitted to us the project of the Public Works, we could have raised the project of the Public Works, we could have raised those objections; but they did not even do that. They simply gave us the plans, which Major Bell showed us this morning, showing the location of the four locks which are between Lake Nipissing and Georgian Bay, with nothing between. So that we do not know what the boats are doing between those points. The Public Works Department knew what they were doing, in 1908, as they have very competent engineers. But what I say is that on the information supplied to us, we would not know what would be the effect of the levels which they wanted us to approve, because they gave us no contours so that we could know what would be the damage done or what would be the effect of those levels. And then they did not give us the crucial part of the whole Georgian Bay scheme, the channel between Lake Nipissing and Georgian Bay. And then you heard of the difficulties of entering at all into the French River from the Georgian Bay. Of course, if there are lots of submarine rocks, if you pay the price, you can clear them off. But those were things which were not submitted to us, and we would not know what would be the effect if we had approved a profile of that type.

Mr. W. SIFTON: Had you any knowledge of any additional plans or additional information or any questions asked of the Company? Did the Company ever have it suggested to them that you would require additional information or plans before you would ask the Government to approve?

Colonel DUBUC: No. The first thing I would ask is if the Company would raise the level of Lake Nipissing ten feet, probably drowning thousands of acres of land, or raise the Ottawa to one hundred and forty, seven feet more, and drowning I do not know how many more thousand of acres of land—the first thing I would have done, if I expected the plans to be approved, would have been to say, "Here is what I am asking," and "Here is what is the result of it."

Mr. W. SIFTON: In other words, we would have to guess what the Government's engineers would do, and meet that in advance.

Mr. DUBUC: The company might just as well have given us a blanket map of Canada and have drawn a black line through it.

I assume we have had lots of other requests from other companies, and we do not have to go after them to get what we were expecting. The details we would explain to them. But where it was obvious that it did not possess the most reasonable information which you would expect to receive—

Mr. W. SIFTON: Can you understand why one clause out of your objection was communicated to us, namely, that you wanted the depth over the sills and the size of the locks? That was communicated to us by the Deputy Minister of Public Works, and we met his objection. There was no other point ever raised; and one only of your objections was submitted to us; and we met it the same day.

Mr. DUBUC: I am here only as Chief Engineer of Railways and Canals. If I had submitted plans in 1924 to any Department, and in 1925 I had received

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no answer, and in 1926 I had got no answer, and in 1927 I had got no answer, the least I could have done would have been to go and see what was the matter with my plans and why they were not approved.

Mr. W. SIFTON: I would like to say, Colonel Dubuc, that I asked about these plans on many occasions.

Colonel DUBUC: Of course, I am only speaking for myself as the Chief Engineer, as the one who was to approve or recommend the approval of those plans to the Minister.

Mr. PETTIT: What, if anything, did the Company urge between 1907 and 1924 towards the acceptance of their plans?

Colonel DUBUC: They sent in 1903 some plans which were even more definite than those sent in 1924 and 1925. They sent in some more in 1927, which were equally in a kind of a pamphlet form; the last of the plans, 2,000 miles to an inch, to the Railways and Canals, in 1925; and after that they sent different sections of the canal up to the Georgian Bay.

Mr. PETTIT: In between, what, if anything did they urge towards the acceptance of the plans?

Colonel DUBUC: On the Departmental file there is not a single letter asking why these plans were not approved.

Mr. CHEVRIER: In all these negotiations, conducted from 1907 to 1924, all through those years, between the Department and this Company as to the nine-foot canal—

Colonel DUBUC: Of course I am only speaking for the Department of Railways and Canals, and I say that there is nothing on our official files by which the Company has at any time followed up its request for approval of plans.

Mr. CHEVRIER: You do not deny that in other departments that was done?

Colonel DUBUC: I am only speaking for the Department of Railways and Canals.

Mr. GEARY: It may be that the Company was directing its attention to getting a guarantee of its bonds, rather than the approval of its plans.

Mr. CHEVRIER: Nothing of the kind.

Mr. McLEAN: Mr. Dubuc, you mentioned a little while ago that there would be 18,000 acres of land flooded at Carillon. What importance would that be to your Department, as long as the Company was to pay compensation for that? Why would you hold up plans? They would have to pay for it.

Colonel DUBUC: There are lots of things which the Department will now allow. We have to know what that was going to flood and how it would affect,—you are speaking of the 18,000 acres that would be affected from Carillon to Ottawa;—and we had to know how that would affect our two canals, the Carillon and the Rideau Canal; and we were quite concerned in knowing how navigation would be kept on those canals, and how, after they had provided their—

Mr. McLEAN: You do not suggest it would injure your canal by putting more water into it?

Colonel DUBUC: Undoubtedly, if you drown the canal there is no canal left.

Mr. McLEAN: Would not the need for a small canal, a nine foot canal, disappear if they provided a twenty-five foot canal?

Colonel DUBUC: You will understand that a canal has a certain bank provided for a certain level of water. If you fill it, the gates would be under water and it would be impossible to open the canal.

Mr. McLEAN: Provided there was enough water to float the ships over the gates, why should you care? And furthermore, the object of this charter is to enable a through canal to be built, so why worry about your nine foot

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canal if you are going to get in exchange a twenty-four foot canal or a thirty foot canal?

Colonel DUBUC: There are, for instance, at the present time, certain rights on the Ottawa River, and the whole scheme had to be arranged so that they would not be interfered with.

Mr. McLEAN: Are they the rights of the Dominion of Canada?

Colonel DUBUC: The rights of navigation, as protected by the Dominion.

Mr. McLEAN: Your argument was that by flooding eighteen thousand acres of land it might be dangerous.

Colonel DUBUC: Quite.

Mr. McLEAN: Provided that eighteen thousand acres of land was compensated for, as far as navigation was concerned, what effect would that have as long as the land was paid for that was drowned?

Colonel DUBUC: It would have a material effect upon the canal, which would not stand such an elevation possibly.

Mr. McLEAN: This Company is responsible for building a larger canal, so surely you are not worrying about the nine foot canal if you are getting a thirty foot canal in exchange.

Colonel DUBUC: I did not know what we would get in exchange.

Mr. McLEAN: Would it not be under the control of the Railway Commission?

Colonel DUBUC: No, it has nothing to do with the canal.

Mr. McLEAN: Do you have power to regulate the construction of the canal?

Colonel DUBUC: Absolutely.

Mr. McLEAN: Then that would remove your difficulty.

Colonel DUBUC: But I did not know what they were going to do. The plans did not show.

Mr. McLEAN: Did you know that you had power to regulate the construction?

Colonel DUBUC: Eventually, yes.

Mr. McLEAN: And did you know it at that time?

Colonel DUBUC: Yes, of course.

Mr. McLEAN: Then that removes your difficulty about the eighteen thousand acres of land.

Colonel DUBUC: Not at all. The Government may have material reasons, not only navigation but many other reasons, which would prevent regulating the water at elevation one hundred and forty, for the low ridge at Carillon. They equally may have very material reasons which would prevent raising Lake Nipissing by ten feet, four feet above flood level at present, in view of North Bay and all the towns around Lake Nipissing. Those are reasons outside of navigation alone.

Mr. McLEAN: But the reason which you did advance as to the flooding of eighteen thousand acres is another thing, and I want to know what other reasons you have. The upper level I am coming to later.

Hon. Mr. STEVENS: This level is 140.

WITNESS: That is seven feet higher than those of which we have information, 133.

Mr. McLEAN (Melfort): Quite so.

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By Mr. McLean (Melfort):

Q. The flooding of the 18,000 acres would be at the 133-foot level. You did not know how much would be flooded at the higher level?—A. I did not. I know it would be very much more than 18,000.

Q. I quite appreciate that, but the reason given to us was that this would flood 18,000 acres of land. Then again as to Lake Nipissing, I can understand that if the company were to flood the shores of Lake Nipissing, the loss might be too great, but as to the flooding of waste or cheap land, or any land, if it were compensated, would not that remove that objection?—A. No, it would not. I can cite you dozens of reasons why that could not be accepted without control. One would be this: suppose you raised the level at Carillon to the 140-foot level, that cannot be done without providing at say, Grenville, quite an extensive dredging in order to increase the flowing section of the rapids at Grenville. Otherwise, it would mean that it would increase the flow of the Ottawa and I know that the Ottawa is a very turbulent stream. Increasing the flow at Carillon by ten or twenty thousand cubic feet at flood level with an elevation of 140, in the section between Ottawa and Carillon, and knowing the section at Grenville, the inundations above Grenville would be increased very vastly, and that is one of the reasons why, from an engineering standpoint, we could not accept the level at 140 unless we know how you are going to provide for the flow at Ottawa, in the artificial conditions that will be created.

Q. Is not the condition under your control at Grenville?—A. The conditions we might have to impose in order to keep that 140 feet might render the whole scheme not feasible. That is one of the things that we do not know.

By Mr. Chevrier:

Q. But you would not say it is not feasible?—A. No, I would not say that, any more than I would say that the six or eight level at Lake Nipissing is not feasible.

By Mr. McLean (Melfort):

Q. As far as the land itself is concerned, the 18,000 acres of land that might be flooded, you are not going to tell us that that is a very important thing?—

A. There are other things. The Department of Public Works has a lot of docks along the Ottawa; all those would be flooded.

Q. Docks for nine-foot navigation?—A. Well, for whatever traffic offers.

By Mr. Winfield Sifton:

Q. One question, Colonel Dubuc? Here for over two years we were pestering the various departments for something in regard to our plans, or for some information in regard to what we should do in regard to the plans, and you have taken the position that it was not the part of the Government to tell us what was the matter with the plans. We had to keep on producing plans in the effort to find one that would satisfy you, without any indication of the information you wanted?—A. I did not say that.

Q. I gathered that that was your position?—A. No, I say, if I had submitted such plans, assuming that they could possibly have been approved which no engineer would say, then if I had, notwithstanding that, expected some engineer would approve of them, the least thing I would have done would have been to follow with a letter sending those plans for approval, and asking why those plans were not approved.

Q. I have already explained that I followed the letter submitting the plans, by a personal interview with the Minister?—A. I am speaking again from the standpoint of the Department of Railways and Canals.

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Q. You did not feel under any obligation to notify us as to what your objections were when you prepared this long memorandum of your various objections? You did not feel under any necessity to do that?—A. No.

Q. Then why, after we had entered a bill in Parliament and had advertised it, when it was absolutely certain that by no method except by discussion could it be affected, why should a letter be received by the company then for the first time stating an objection to these plans?—A. I do not know that you got a letter.

Q. I have a copy of it here, from the Secretary of the Department of Public Works?—A. Again, that is not the Department of Railways and Canals.

By Mr. Chevrier:

Q. At no time did your Department of Railways and Canals communicate your objections to this company in writing?—A. In writing, no.

Q. You never submitted to them a copy of the memorandum which you have disclosed to the Committee to-day?—A. In writing, no.

Q. Verbally?—A. I did, verbally, to your own Secretary.

Hon. Mr. DUNNING: I did not hear that answer.

The WITNESS: I did verbally to Mr. Volekman.

By Mr. Chevrier:

Q. I understood you to say that those plans—call them plans or profiles or anything you like—in your estimation they did not disclose the feasibility of the plans, is that right?—A. Quite true.

Q. Now because they showed that a 600-foot ship could not twist upon itself when in the granite district that you have described, you say the plan is not feasible?—A. No, not that. There was no channel shown on the plan, even in the Ottawa.

Q. Admitting that for the sake of argument, do you mean to say, Colonel Dubuc, that along the lines submitted by this company in the district where they want to build this canal, proper plans could not be furnished to show the feasibility of this canal?—A. That proper plans could not be submitted?

Q. Do you mean to say that nobody could furnish you with plans which could show the feasibility of this canal?—A. I did not say that.

Q. Of course, you would not deny that. In other words you will not affirm or deny that this canal cannot be constructed along the route on which this company intends to develop a canal?—A. No, I will not say that either.

Q. Then, that is all right?—A. But I will add to that, that they never showed me that they could.

By Mr. McLean (Melfort):

Q. Colonel Dubuc, I am a great deal more interested in getting information as to the physical value of this route for a possible canal than anything else, and that is the only object I have in view in asking this question. You have been along the French River, you say?—A. No, I have not.

Q. You have not been there?—A. No.

Q. You do not know of your own knowledge that it is not feasible to construct a canal through there?—A. I know of the report of the Department of Public Works of 1908, which had a very competent engineer, and which reported to the Government in 1908 and called attention to the difficulties of navigation in the French River. That is my basis.

Q. And on that basis you would say it is not feasible to construct a canal there?—A. No, I say that the company has not shown to us how they would get away from that difficulty; not from the plans that they showed us, but from whatever plans were available from the Government.

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Q. You are not telling us that the canal is not feasible?—A. Oh, no, not at all.

Mr. McLEAN (Melfort): Then that is all right; that is fine.

Hon. Mr. STEVENS: Sure, that is easy.

By Mr. Chevrier:

Q. But you never asked for plans showing the feasibility?—A. It was not up to me.

Mr. McLEAN (Melfort): One other question I would like to ask in order to make clear the statement made before noon. The statement was made that navigation on the Ottawa and St. Lawrence to Montreal would be a month shorter than the season of navigation by another route to the St. Lawrence River. Does that mean that the Ottawa freezes up earlier than the portion of the St. Lawrence, from the mouth of the Ottawa to Montreal?—A. I was telling you what were the average dates of the opening of the St. Lawrence canals, from Welland through Lake Ontario, through the St. Lawrence canals, and right through to Montreal. We generally open those canals a bit sooner at the upper end. At Welland, it has opened as early as the 8th of April, but usually around the middle of April, and we generally close at Welland around the 10th or 15th of December, except in an extraordinary year when I think we have closed around Christmas.

Q. We are not interested in the Welland?—A. I am speaking of the St. Lawrence canals. That is my basis for showing that the other one is shorter or longer. I must tell you first the length of the St. Lawrence canals as they are to-day. The length of time of navigation as they are to-day is from the middle of April to the middle of December, in a normal year.

Q. That is the St. Lawrence river?—A. The St. Lawrence River canals.

Q. I am not speaking of the canal at Welland, but the portion of the St. Lawrence river between the mouth of the Ottawa and the city of Montreal. What would you say of the navigation on the Ottawa river?—A. You are speaking of the St. Lawrence river from the mouth of the Ottawa to Montreal. The St. Lawrence canals do not go through the Ottawa between lake Ontario and Ottawa.

Q. But the Georgian Bay Canal does?—A. I am talking of the St. Lawrence.

Q. But my question is, as a chain is not stronger than its weakest link, a canal is not longer open than the lowest part is open to navigation?—A. Quite right.

Q. I do not pretend to know the whole geography of the canal, but I understand the canal joins the St. Lawrence some place above Montreal?—A. That is right.

Q. Is the portion of the St. Lawrence between the mouth of the Ottawa and the city of Montreal open for navigation for a month longer during the season than the balance of the Ottawa river would be? I think that is a fair question.—A. You are in exactly the same position as the Welland Canal, relative to Montreal. I told you that the Welland Canal, which is one section of the canal system, is open as early as the 8th of April and generally opens around the 15th of April; we never open in Montreal sooner, to my knowledge, than we did during the war, when there was pressure of getting boats through for the delivery of supplies. I think the soonest we opened at Montreal was the 15th of April, making a difference of one week between Welland and Montreal. That happens very often that Welland is opened about a week previous to the Montreal end. Well, by simple reasoning, if you have a much more northern canal, nearer the Pole, like the top part of the Georgian bay, with a

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very shallow navigation relatively, even if it is only for the operation of your locks, you will undoubtedly have to close that canal sooner than one which is much farther south.

Q. True, but the point I am getting at is not the Welland Canal, but the St. Lawrence, from Ottawa through to Montreal. Now, I think you have made a statement that I wanted to get information on, that the St. Lawrence river at Montreal is not open for navigation until about the date you mention for the Ottawa river navigation. Would it close about the same time?—A. The southern end would close about the same time, because the lower end of the Georgian bay will undoubtedly close at the same time as the lower end of the St. Lawrence canals in Montreal.

Q. I am not speaking of the lower end of the Georgian Bay, but I am dealing entirely with the canal from Ottawa to Montreal?—A. That is the lower end of the Georgian Bay Canal; so that would close at the same time as the lower end of the St. Lawrence canals.

Q. Then, the date of the close of navigation would be the same?—A. At the lower end, yes. But my point is that the northern point of the Georgian Bay canal, its length of navigability will not be as long as the northern end of the St. Lawrence, which means that a boat can start from Welland on the 15th of April, when the lower end is not open at all, carry on through the Welland Canal and through Lake Ontario, and arrive in Montreal at the time the Canal is opened at Montreal, having the same effect on the boat as if the canal at Montreal had been open all the time.

By Mr. Chevrier:

Q. That would mean then, Colonel, that if you have the lower end, the outlet at Montreal, whether it serves the Ottawa river going north, or the St. Lawrence going south, that does not vary; that navigation starts on a certain date, is that right?—A. Yes.

Q. Now, then, there is an inlet from the north and there is an inlet from the south, but the argument you now make is this, that the northern end may be frozen up, but the boats would get to Montreal. Well then, it must take them a very long time to reach the south end at Montreal?—A. Do you mean from Welland?

Q. Yes?—A. Well, there is 375 miles to go.

Q. They won't get there any faster than the other way because that one is not open; they will get there and the outlet is not blocked, whether they come from Welland or from the North?—A. But you are comparing the best end of the Georgian Bay with the worst end of the St. Lawrence, and then you want to eliminate the other end of the Georgian Bay.

Q. It does not make a bit of difference to us what time of the year it is. Let me see if I have got this right. It does not make a bit of difference at what time they enter the Georgian Bay or the Welland, if they cannot get through to Montreal, until the Montreal end is open. There are two inlets, and only one outlet?—A. Yes, but there is a lot of navigation in the canal that does not go through.

Q. Oh, all right, I will leave it at that.

By Mr. Hocken:

Q. Have you any information as to when the Ottawa river and the French river are open?—A. I could not tell you that. The Department of Public Works could tell you that.

By Hon. Mr. Dunning:

Q. I want to ask a few questions relating to your practice, Colonel, as the head of your branch, bearing upon the matter of approving plans. You

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understood that what the law demanded in this case was that the plan was required to be approved by the Governor in Council?—A. Yes.

Hon. Mr. DUNNING: Bearing upon the matter of approving plans; you understood that the law demanded in this case that the plans were required to be approved by the Governor in Council? You understood, did you not, the procedure necessary to secure that approval?

Colonel DUBUC: Yes.

Hon. Mr. DUNNING: You understood what the duty of the Minister was, for instance?

Colonel DUBUC: Well, assuming that the Minister was the proper Minister. There was some question as to the Georgian Bay scheme being under the Minister of Railways and Canals, as to who would approve the plans, or the Minister of Public Works. It was not at our request, as far as I know, that the plans were sent to us.

Hon. Mr. DUNNING: The plans were originally filed with the Public Works.

Colonel DUBUC: They were, on December 24th; the main series.

Hon. Mr. DUNNING: And sent to us because of the interest of our department in the matter?

Colonel DUBUC: Right, sir.

Hon. Mr. DUNNING: And your duty in the matter was to advise your own Minister?

Colonel DUBUC: My Minister asked me at the time whether there was any reason why these plans should not be approved, and I wrote the three memoranda, and one to the Deputy, that I read this morning.

Hon. Mr. DUNNING: In giving your opinion on a matter like that, for the intelligence of your Minister, you take into account the features of public damage?

Colonel DUBUC: Quite.

Hon. Mr. DUNNING: Why do you do that?

Colonel DUBUC: You notice, in the memoranda this morning, that I discussed legal questions which were totally out of my depth. The point was to give whatever information I had to the Minister, leaving to the Minister the getting of special experts, either legal or otherwise.

Hon. Mr. DUNNING: In connection with these plans, you are quite sure that the representatives of the Georgian Bay Canal Company knew that the plans were not satisfactory to you?

Colonel DUBUC: He knew of it, undoubtedly, in March, 1926. The Chief Engineer of the Georgian Bay people came to my office to get some information as to the project of the National Hydro at Carillon. It was only casually that I asked him, "Why are you sending us plans of the type you are sending? Do you really seriously expect us to approve of them?" He naturally asked me why they were not approved. I called for the file in which my memo. of January 25th was, and I told him different reasons why.

Hon. Mr. DUNNING: You gave him the reasons that you stated to the Committee this morning?

Colonel DUBUC: Not all of them, because one of the memos. was after the interview, the one of May, 1926.

An Hon. MEMBER: When is the river in the neighbourhood of Mattawa free of ice?

Colonel DUBUC: I would refer you to the Public Works again, sir, because our Department was really concerned with the canalized portion which was

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between Ottawa and Montreal. It was only by accident, in view of possible future canalization, that we were given the plans for approval.

Hon. Mr. DUNNING: You had conferences with the engineers of the Public Works on the matter?

Colonel DUBUC: We had a number.

Mr. SPENCE (Maple Creek): Have you examined those plans of the Public Works yourself?

Colonel DUBUC: You mean the Public Works plans of 1908?

Mr. SPENCE (Maple Creek): Yes.

Colonel DUBUC: I have, sir.

Mr. YOUNG (Weyburn): Most of your objections to the route are from Mattawa west; nothing between Ottawa and Mattawa, or up into the Temiskaming country?

Colonel DUBUC: No. The question of regulation above Mattawa on the Ottawa was not a very complicated question. We knew that the Ottawa from Mattawa right through to Montreal had many times the amount of water you needed for navigation purposes. It was only from the height of land, particularly between Trout Lake, going towards Mattawa, where there is so trouble. As I said, this is not the main trouble, because the Public Works, I believe, have solved it. It is a difficulty which the Public Works have solved on the plans which they submitted in their report. My point was that the Georgian Bay Canal Company showed us nothing by which we would know the solution of their problem, which we knew existed. Equally for the navigability in the French River from Lake Nipissing to Georgian Bay.

Mr. BROWN: There are some locks that are not of sufficient altitude to provide water?

Colonel DUBUC: You must understand that the Georgian Bay people themselves are not using that; they are using the whole of lake Nipissing. Assuming that they could raise it to this level, which they have shown there, 648, which means ten feet above the flood level of Lake Nipissing; they are feeding the canal both ways through Lake Nipissing.

Mr. BROWN: Ten feet is sufficient to overcome the height of land?

Colonel DUBUC: It means a tremendous cut, but if they can stand the expense I suppose it is their own affair.

Mr. ANDERSON (High Park): The engineers in 1908 contemplated using the water in Lake Nipissing?

Colonel DUBUC: But I doubt very much if they would to-day. That was twenty years ago, and there has been so much improvement all around the lake there, that possibly to-day the damages would be so heavy that they would not. My impression is that 645 is as much as you could raise Lake Nipissing to-day without prohibitive damages.

Mr. ANDERSON (High Park): And was the Department unfavourable in 1908 to raising the water level?

Colonel DUBUC: They discussed it, but apparently it was of much less importance then than it would be to-day. My point is not that it is not feasible, but the point is that we did not know of the 648 amount from the plan they submitted to us.

C. R. COUTLEE called.

The CHAIRMAN: Mr. Coutlee, tell the Committee who you are.

Mr. COUTLEE: I am an engineer with the Public Works, and I was connected with the Public Works in the making of the report on the survey of the river published in 1908.

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The CHAIRMAN: You are one of the district engineers connected with this area?

Mr. COUTLEE: No, I am on headquarters staff.

MAJOR BELL: At the time of the survey Mr. Coutlee was one of the Board in connection with the Georgian bay survey.

Mr. CHEVRIER: Were you connected in any way with the making of that five-volume report?

Mr. COUTLEE: Yes, sir.

Mr. CHEVRIER: As a result of the survey that you made, what do you say as to the feasibility of the canal?

Mr. COUTLEE: It is certainly feasible.

Mr. CHEVRIER: Along the plans which were submitted and discussed during those years?

Mr. COUTLEE: Yes, sir. Perhaps I might say a word in connection with that, Mr. Chairman. The plans were then gone into and the project that was then made was for a twenty-two-foot depth. Now, that meant bringing down from the Great Lakes, from Fort William to Montreal, the large lake steamers; that is, those steamers that run 500, 580, 600 and 625 feet. Then there were the channels that these boats followed on the upper lakes, through the St. Mary's river, and through the channels of the St. Clair river and the Detroit river. The design is similar to what they operate on.

Mr. W. SIFTON: Might I ask if a twenty-four-foot channel would take the largest type of grain-carrying boat on the upper lakes now?

Mr. COUTLEE: Oh, yes; the largest type of boat there does not draw more than about 19.6.

Mr. W. SIFTON: Within the actual measurements which we agreed with the Department of Public Works, and which were endorsed on these location plans, were sufficient to carry the grain to Port Arthur and down through this canal; it would take the ships which ordinarily carry that grain.

Mr. COUTLEE: That is 650 feet.

Mr. W. SIFTON: 65 by 650 feet by 24?

Mr. COUTLEE: Yes.

Hon. Mr. DUNNING: I think, Mr. Chairman, that in view of the fact that we are now carrying boats through the ordinary St. Lawrence canal, it is important to have the correct information. I think probably that Major Bell had better tell of the capacity of the present locks, and the draughts of the present boats. He is more familiar with that than the witness.

Major BELL: I have not got the exact data. What is the depth of the Canadian lock at the Soo, 19.6?

Colonel DUBUC: At extreme low water I do not think it is more than 18.4.

Major BELL: What is the new American lock?

Colonel DUBUC: 24 feet.

Hon. Mr. DUNNING: We use the American lock for the big boats; is that the case, Major?

Major BELL: Yes. The Canadian lock was the largest lock until these American locks were built, and the largest boats passed through the Canadian locks. Now, we practically get none of the large boats except an odd passenger boat; they have got to go through the American locks.

Mr. W. SIFTON: 24 feet is the same as the large American locks?

Major BELL: Yes

[Mr. C. R. Coutlee.]

Hon. Mr. DUNNING: Were you one of the Public Works engineers who considered the plans? You heard Colonel Dubuc's evidence regarding the plans submitted by the Georgian Bay Canal Company—you were one of those engineers?

Mr. COUTLEE: Yes, sir.

Hon. Mr. DUNNING: What was the result?

Mr. COUTLEE: We found that the plans submitted by the company were copies of our plans that were made and published between 1906 and 1908. They were not entire copies; that is, a great deal of the material that was on the Public Works' plans was omitted on these plans.

Hon. Mr. DUNNING: Did you report to your Minister that they were sufficient to enable you to form a judgment? What was your report to your Minister?

Mr. COUTLEE: I reported to Mr. Cameron, the Chief Engineer of Public Works.

Hon. Mr. DUNNING: Is Mr. Cameron here?

Mr. COUTLEE: He is not here just now. I reported that they were copies of our plans and that they had left off a great deal of the information, and that if we had not had our plans we could not have interpreted theirs.

Hon. Mr. STEVENS: That is, that the plans submitted to you by the Georgian Bay Canal Company, without the knowledge that you had of the plans from which they were copies, were insufficient to give you information upon which you could have passed judgment on the plans?

Mr. COUTLEE: Yes, sir.

By Mr. Chevrier:

Q. Let me get that right. You were responsible for the making of the plans—the five volumes, were you not?—A. Yes.

Q. Those were the government plans?—A. Yes.

Q. As I understand your evidence, it is this; that the plans which were submitted—the fabric of those plans was identical with the plans which your Department had made, leaving out a certain number of features, but in the main corresponding to the plans which you had made?—A. Yes, sir.

Q. And in so far as the plans which the company produced were concerned, they were in their essence similar to the government plans, leaving out certain features?—A. Leaving out certain features, yes.

Q. Now, the department might be in a position to approve of so much of the plans as submitted by the company as were identical with the plans which the government had already prepared under your instructions, of course, with the reservation that they might have asked for further details.—A. I would have to qualify that answer. If we had not had our own plans, I do not consider they would have been sufficient.

By Hon. Mr. Dunning:

Q. Mr. Coutlee, your plans were for 22-foot navigation, were they not?—A. Yes, sir.

Q. And were not the plans submitted by the Georgian Bay Canal Company for 24-foot navigation?—A. Yes, sir.

Q. That would make a great difference in places?—A. It would make a difference, Mr. Dunning, and there was this difficulty, that the company submitted the sites of various locks—some 27 locks on the route. Now, they did not submit the channels between those locks on which there was a large amount of excavation, both rock and earth, wet and dry.

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Q. They did not submit the excavations?—A. No, sir.

Q. Did you recommend the approval of those plans?—A. No, sir.

Q. Did anybody in the Public Works Department recommend their approval?—A. No, sir; we could put some of the plans in. They are in the Minister's room upstairs.

Discussion followed.

Witness retired.

Further discussion followed.

Mr. W. SIFTON: Mr. Chairman, I would like to remind the Committee that yesterday I intimated that the company suggested that an amendment be made which would entirely cure the objection which is urged, viz., that we could pick the eyes of this proposition and not go along with it. The amendment which I suggested is as follows:

Until through navigation is established from the navigable waters of the Georgian Bay to a point on the River St. Lawrence at or near the city of Montreal, all the revenues of the company derived from falls or head- for water-powers and otherwise shall be devoted exclusively, after payment of the charges on the company's debts and the maintenance and operation of the company's works, to the completion of the works hereby authorized.

The company submits that that entirely prevents the company from doing any such thing as has been objected to.

Hon. Mr. DUNNING: Just one moment, Mr. Chairman, before we come to a conclusion. The object of the Committee, of course, is to give the petitioners a fair hearing. I think the petitioners in this case will agree that they have had a fair hearing. I believe there are two learned gentlemen here, representing respectively the provinces of Ontario and Quebec, and I have had no intimation that they desire to be heard, or that there are any other parties desiring to be heard either for or against the petition. I think, before the Committee comes to a decision, we should make sure that all interested parties have been given an opportunity to present their views.

The CHAIRMAN: I think I indicated quite clearly that if there are any others, for or against, an opportunity would be given. I have heard no intimation that anybody should be heard.

Mr. HOCKEN: Come on, Mr. Tilley, you represent Ontario.

Mr. AIME GEOFFRON: The two provinces saw objections to this Bill. The question is whether we could add something to the discussion by developing our objections to it. If the Committee thinks we can add anything useful, we will be willing to take up your time. The provinces are protesting against this Bill, and asking your veto.

Mr. HANSON: Mr. Chairman, I think the provinces should be heard, and that the rights of the provinces in this river should be set out by counsel.

The CHAIRMAN: Shall the preamble carry?

Preamble negatived.

The Committee adjourned until to-morrow at 11 a.m.

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